

Title: The Common Currency and the Crisis in the Eurozone

Grade 12: CIA4U – Analysing Current Economic Issues

Units:

5: Boom, Bust and Equilibrium: Economic Instability and Fiscal Policy

6: Boom, Bust and Equilibrium: Money, Banking and Monetary Policy

7: Canada in the World Economy: International Trade, Finance and Economic Growth

Grade 12: BBB4M- Introduction to International Business

Units:

1: Business, Trade and the Economy

2: The Global Environment for Business

3: Factors Influencing Success in International Markets

DESCRIPTION: The Euro Crisis has garnered much media attention in recent years. From the collapse of major banks to ‘bailout’ packages and widespread protests across many European countries, the crisis has had very real consequences for many of the European Union member states. This lesson plan will outline the short and long-term causes of the crisis, proposed solutions and how the crisis relates to the Canadian economy (to the more global recession ongoing since 2008).

TIME: One or two classes

OBJECTIVES:

- Analyze the benefits and drawbacks of having a common currency
- Explain financial terms and their relation to the Eurozone crisis
- Examine how and why countries were affected differently by the Eurozone crisis
- Differentiate between long- and short-term causes of the Eurozone crisis
- Contemplate how Canada is affected by the crisis
- Assess the merits of austerity and bailouts
- Examine articles for bias
- Discuss the merits and potential for greater fiscal integration
- Research solutions to the crisis
- Research the conditions necessary for a common currency



MATERIALS:

- Teacher's guide
- Teacher's attachments:
 - A. The Euro System
 - B. The Eurozone Crisis
- Handouts for students:

Handout #1: Key concepts- Currency

Handout #2: Key concepts- The Eurozone Crisis

Handout #3: Article exercise

Handout #4: Additional research

PROCEDURE: Outlined in teacher's guide

ASSESSMENT:

- The teacher may wish to grade the students' answers to Handouts 2, 3 and 4.
- The teacher may grade students on presentations on a member state or have them represent that country in a debate

EXTENSION: Note possible extensions of the project for students who are interested in further exploration.

Teacher's guide

The following guidelines are here to assist in delivering the material in this lesson plan. They are meant to have a certain amount of flexibility, to account for the amount of time available in the class, offer the option of one or two classes or of more classroom or homework- based work.

PROCEDURE:

1. **Begin by passing out Handouts #1 and #2.** These will provide students with key themes, concepts and graphs that will be central to the lesson. Give students a few minutes to look over these handouts. (*15 minutes*)
2. **Teachers lead students in the Opening Discussion on a common currency.** For this, use teacher's Attachment A on the brief History of the Euro to prepare. (*30 minutes*)
 - Some of the key concepts to highlight at this point are:
 - Fiscal policy vs. monetary policy
 - The role of central banks
 - Monetary policy tools to adjust inflation, unemployment, interest rates, etc.
 - Optimum Currency Area (conditions countries should fulfill to form an optimal currency area)
 - Help students to link this topic to their own experience by holding a discussion of whether a common currency would be a good idea for Canada and the United States?
 - Then generalize the discussion by asking them to consider the benefits and costs of a common currency. Ask student to take 10 minutes to fill out the table in Handout #1.
 - Engage students in a mini-discussion on why countries would or would not want to join the Eurozone.
3. **Present briefly a chronological history of the Eurozone Crisis,** using the teacher's attachment B on the history of the Eurozone Crisis for background information. Ask students to refer to Handout #2. (*20 minutes*)
 - Points to be highlighted are:
 - i. When did the Eurozone crisis begin? What caused the Eurozone crisis to begin? How was it related to the financial crisis in the US in 2008-09? What this has meant for Eurozone member states (what their central banks can and cannot do)?
 - ii. What have been some long-term and short-term causes of the crisis?
 - iii. Which European countries have been in need of financial help from the EU? Why do you think these countries were more affected than others?

4. **Give students 10 minutes to answer questions on Handout #2. (10 minutes)**
 - Depending on your time constraints, you may have to end the class at this point. If so, you may choose to provide handouts 3 and 4 as homework.
 - If you are dedicating two classes to this topic, you may want to spend more time discussing the common currency system and ask students to look for an article as homework

5. **Ask students to access the article indicated in Handout #3 and to read it (possibly at home, if computer access at school is an issue).** In discussion groups, the students should be able to answer the questions and identify the key themes of the article. (25 minutes)

6. **Distribute Handout #4 for students to take home.**
 - Ask students to search media sources in print or online to answer the handout questions.

7. **Students may wish to look at these fun links for further information:**
 - Soccer – Greece v Germany, the bailout game: <http://www.bbc.co.uk/news/magazine-18532321>
 - Euro Crisis Explained with Lego: <http://blogs.reuters.com/felix-salmon/2011/09/15/watch-the-euro-crisis-explained-with-lego/>

8. **Possible Final Assignments**
 - Possible Solutions: What are some of the options available to the EU? The teacher may ask students to research how a specific Eurozone member state performed during the crisis and what options its government and citizens are advocating. Working in pairs, students could design short presentations. Or, each student could represent a Eurozone state in a class debate, arguing for or against a course of action for the EU from that state's point of view.
 - Common Currency: Ask students to perform research to determine whether North America (or at least, Canada and the US) should adopt a common currency, according to the optimum currency area or other criteria. They might compare how well the criteria apply to North America; Canada and the US; the Canadian provinces; the EU or the Eurozone.