"The Euro: Money Changes Everything"

Karen Boschker and Eric Sieberson

Center for West European Studies/
European Union Center of Excellence of seattle

University of Washington

THE EURO:
MONEY CHANGES EVERYTHING

BY

KAREN BOSCHKER, MA/MPA/CERT., AND
S. ERIC SIEBERSON, MIT

CENTER FOR WEST EUROPEAN STUDIES/
EUROPEAN UNION CENTER OF EXCELLENCE OF SEATTLE
UNIVERSITY OF WASHINGTON

THE EUROPEAN UNION CENTER OF EXCELLENCE
UNIVERSITY OF WASHINGTON
2007

Credit © European Community, 2007

The Euro

The year 2007 marks the fifth anniversary of the circulation of banknotes and coins of the common European currency the euro, marking the end of twelve national currencies at its debut in 2002, and thirteen at the beginning of 2007. Studying the euro offers teachers an opportunity to introduce this historic event in the classroom while teaching across disciplines. Here, several activities are presented for the foreign language and social studies classrooms. These lessons provide a brief history of the euro and engage students in hands on activities that utilize cultural, math, art, and comparative thinking skills.

Table of Contents

Euro Notes & Coins: 5 Years in the Bank

by Kyle Galler, UW EU Fellow (2006-2007)

Photo: Kyle Galler

Kyle Galler is an economic policy coordinator and permanent official at the General Secretariat of the Council of the EU and EU Fellow at the University of Washington during 2006-07. This article, reprinted from the Fall 2006 issue of the newsletter WES Northwest, provides a brief overview of the first five years of the circulation of the common European currency, the euro.

Five years ago, on January 1, 2002, twelve European countries introduced the banknotes and coins of their new currency, the euro, and began withdrawing the old national currencies. It was a huge, historic step, marking the physical arrival of the euro in people's hands and purses, and the end of the Belgian Franc, the German Mark, the Greek Drachma, the Spanish Peseta, the French Franc, the Irish Punt, the Italian Lira, the Luxembourgish Franc, the Dutch Guilder, the Austrian Schilling, the Portuguese Escudo, and the Finnish Markka. As of 2007, Slovenia became the thirteenth member of the Euro Area.

That's an impressive list, and the introduction of the euro was a staggering achievement – there are now 11 billion bills in circulation and 68 billion coins. The majority of those were put into circulation in just a few weeks, starting on New Year's Day, 2002, while corresponding national bills and coins being collected.

A single currency offers huge economies of scale and opens the door to greater stability of prices, ideally at lower interest rates than previously achieved. At the same time, it eliminates exchange rate risk, for both consumers and businesses, and enhances price transparency. That means both customers and investors can choose to put their money where it makes most sense to do so, and the economy itself becomes more efficient and less wasteful. The flipside of the efficient allocation of resources is the removal of certain tools that can soften the adjustments between the countries that now have the same currency – no more fluctuating exchange rates, no differentiated interest rates to influence investment or consumption decisions, to adjust competitiveness between countries competing for business. The same money, and a single short term interest rate for all.

As a bonus, 300 million residents and countless visitors can now travel around the 13 countries of the Euro Area with just one type of money in their pockets – no more changing money at the borders, and no more paying the fees to change it. The euro enables the European Union's single market to start really looking like a single economic area, and Europe gains a recognizable identity in international financial markets.

With these benefits on offer, it seemed too good an opportunity to miss, and so in 1992 the timetable was set, with the final deadline for the creation of the euro set for January 1, 1999, with the cash coming into circulation three years later. Then the real work began.

The successful introduction of the euro depended upon the "convergence" of the economies of the participating countries – key features of economic performance need to be similar enough to function together with a single interest rate and fixed exchange rates. There were regular checks on progress towards achieving similar performance on inflation and interest rates, as well as stabilizing exchange rates near the point where they would be fixed. Finally, since this is how the interest rate most directly affects governments, as well as a key area underlying the need for different interest rates in the different Member States, progress on achieving sound and sustainable public finances was measured.

Every Member State that met the "convergence criteria" would adopt the euro, and 12 nations converted their banknotes and coins to the euro in 2002.

Fatigue from the effort of getting public finances into shape in the late 1990s, followed by the recession triggered by the end of the dotcom boom, left a large number of countries struggling to meet the commitments of the Stability and Growth Pact – namely keeping annual deficits below 3% of GDP and bringing debt down towards the 60% reference value.

The strains triggered a great deal of debate over whether it was appropriate to pursue budgetary cuts in a period of recession, particularly in countries where unemployment levels were already relatively high. In the end, it was decided that some additional leeway could be given in cases where unexpectedly poor economic conditions caused budgetary problems; but also that efforts to get the finances in order in the good times would be reinforced.

Now it looks like we have reached the good times, and so the countries that experienced real budgetary difficulties are now being held to their promise to put things right before the next recession comes along. This is important because all the countries that share the euro also share a single short term interest rate – this reflects economic conditions for the Euro Area as a whole, rather then any individual country, and that means that one country's impact on the interest rate has an effect on the entire Euro Area. Of course, the bigger the economy of that country, the bigger the impact.

But it isn't just budgetary policy that can affect neighbouring countries – the structure of the economy has a huge impact, both domestically and at the aggregate European level. The EU is pursuing its "Lisbon agenda" for reforming its markets to make them more efficient and increase growth rates, and these policies have particular resonance for Euro Area countries, as market rigidities can prevent the efficient allocation of resources and impede economic growth. More than five years into what was to be a ten-year programme, there remains much to be done, even if some impressive reforms have been implemented and are beginning to bear fruit.

As for the euro itself, after five years in people's hands, pockets and purses, it seems extremely well established. Fifty-nine percent of those polled report that they have no problems at all using the euro, and the figure is increasing year by year.

The future holds great challenges, not least the enlargement of the Euro Area to include the ten countries that joined the EU in 2004. So the fifth anniversary of the introduction of banknotes and coins brings the first new set of coins. Almost all other EU countries have declared their ambition to adopt the euro before another five years pass. This will alter the composition of the Euro Area's economy and make the definition of its common policies even more challenging.

But then, nobody ever said the single currency was going to be easy. The EU has always proceeded by setting itself tough challenges and rising to meet them. This time around, the challenges are complex and the stakes are high. In addition, the final responsibility for the key decisions on economic policy, on the key reforms required to make things work, are in the hands of the individual Member States. It's an EU classic – it is time to recognise the benefits of collective endeavour, above and beyond a strict interpretation of the national interest. Time to look clearly into the future and build the Europe that we need.

The Euro at a Glance

Who Uses the Euro?

When the euro was introduced on January 1, 1999, eleven of the then EU-15 countries joined the Euro Area. These include Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Portugal, and Spain. On January 1, 1999, Greece had not fulfilled the requirements of the Maastricht Treaty, but it later did and joined the Euro Area on January 1, 2001. On January 1, 2002, the euro bills and coins went into circulation and replaced these countries' national currencies. Slovenia formally joined the EU on April 1, 2004, and adopted the euro on January 1, 2007. These thirteen countries now make up the Euro Area.

Who doesn't use the euro?

When 10 new countries joined the EU in 2004 (Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia), and two more in 2007 (Bulgaria and Romania), they agreed to adopt the euro as their currency as a mandatory part of their accession. These countries will join the Euro Area when they fulfill the Maastricht convergence criteria concerning price stability, public finances, exchange rate stability, and long-term interest rates. As mentioned above, Slovenia joined in 2007.

However, three countries who were members of the EU-15 have not adopted the euro as part of membership in the EU. Although twelve of the EU-15 are now members of the Euro Area, the United Kingdom, Sweden, and Denmark do not currently use the euro and have chosen to opt out of the common currency.

The United Kingdom
The United Kingdom, popularly considered a "euro skeptic" state, elected to opt-out of the euro. Some advance economic arguments against joining the Euro Area, and some simply feel strongly about the British currency the pound sterling's connection to British heritage, despite arguments that the adoption of the euro would enhance intra-European trade by removing the currency risk. The UK government has set five economic tests that must be passed before it can recommend that the UK join the euro. However, given the relatively subjective nature of these tests it seems unlikely they would be fulfilled while public opinion remains so strongly against participation.

Sweden
Sweden formally joined the EU in 1995, and, in its accession treaty, agreed to join the Euro Area. However, popular referendum has resulted in a majority against joining. Sweden has not joined the Exchange Rate Mechanism II (ERM II), a two year-membership in which is required prior adopting the euro, and has thus managed to legally stay out of the Euro Area. Although some believe it would be in Sweden's interest to join, the Swedish government has pledged to abide by the results of the popular referendum.

Denmark

Danish voters have continually rejected joining the Euro Area in a number of popular referenda, and as a result Denmark negotiated four opt-out clauses from the Maastricht Treaty. Recently, Danish politicians have suggested that debate on abolishing the four opt-out clauses may be re-opened. In addition, Denmark has pegged its krone to the euro, as the krone remains in the ERM II.

Further Reading

The Euro
Information about the notes and coins, its origins, the changeover, its use in the world, benefits, and FAQs.
http://ec.europa.eu/economy_finance/euro/our_currency_en.htm

The Euro Challenge
The Euro Challenge is an exciting educational opportunity for high school students to learn about the European Union (EU) and the euro. Students form teams that make presentations answering specific questions about the European economy as a whole and the single currency, the euro. They pick one member country of the euro area, examine an economic problem at the country level, and identify policies for responding to that problem.

In 2007, the second year of the Euro Challenge, teams compete for a trip to Europe and/or cash awards made possible by The Moody's Foundation.
The Euro Challenge is a program launched and supported by the Delegation of the European Commission to the United States in Washington, D.C., with the technical support of the Federal Reserve Bank of New York.
http://www.euro-challenge.org/

European Central Bank Monthly Bulletin
The monetary policy decision taken each month by the Governing Council of the ECB is explained in the relevant Monthly Bulletin. In it, the ECB provides a detailed analysis of the prevailing economic situation and the risks to price stability. In addition, each issue – with the exception of those published in March, June, September and December – contains articles on a wide range of topics related to the tasks of the ECB.
http://www.ecb.int/pub/mb/html/index.en.html

Exchange Rate
InfoEuro monthly accounting rate of the euro
http://ec.europa.eu/budget/inforeuro/index.cfm?fuseaction=home&Language=en

Basics of Economic and Monetary Union
http://europa.eu/scadplus/leg/en/s01000.htm

EU Member States Country Pages
Economic and Financial Affairs web portal to the web pages of Euro Area-member states and Non Euro Area member states.
http://ec.europa.eu/economy_finance/about/activities/countryeconomy/main_en.htm

"Europeans Resolve to Embrace the Euro"
New York Times article on the introduction of the euro complete with lesson plan.
http://www.nytimes.com/learning/teachers/featured_articles/20020103thursday.htm

Introduction, a Classroom Activity

Credit © European Community, 2007

Goals: Basic introduction to euro for students unfamiliar with currency or foreign exchange rates.

Materials:
A Euro and a US dollar coin or bill in equal denominations; images of the spectrum of euro coins and bills, either physical specimens or images; exchange rate.

- Euro images are available online: http://ec.europa.eu/economy_finance/euro/notes_and_coins/notes_coins_main_en.htm. Posters can be downloaded from the web site www.eurunion.org (click on For Youth, Fun!, AudioVisual Library).
- Computer or newspaper on which to find current $/€ exchange rate. It is available online at the Financial Times web site (www.ft.com) or in major print newspapers.

Procedure:
Introduce students to the currency the euro. Show a euro bill or coin and a US dollar or cent in equal denominations and hold them in your hands like a balance. Ask students to tell you which is worth more. This changes all the time, depending on the current foreign exchange rate. On January 1, 2007, $1=.75€, and €1=$1.3275.

Give students (or have them look up) the current exchange rate.
The actual exchange rate doesn't necessarily tell you which is worth more, but what your dollar can buy in the other currency.

Credit © European Community, 2007

Have students evaluate the value of the euro with a simple exercise. At McDonald's in Belgium, one can purchase a hamburger for €1. Ask students to figure out how many dollars that is using the current exchange rate. (equation is xy, where x=price and y=€/$). If a hamburger in the US costs $0.80, where would the hamburger cost more in US$?
Show the students the euro so that they can visually see the currency. Pass around notes and coins if available.
Some facts about the new currency:

- The euro bank notes each show images of the different architectural styles.
- The euro coins are different for each country, but freely circulated among countries. One side of the coin shows a map of Europe; the other side a symbol representative of each country.

Foreign Language Activity

"Combien coûte? Quanto questo? Was kostet das?"

Overview: A lesson on the euro provides the opportunity to address a number of world language standards while teaching across the curriculum. Use this activity as an opportunity to introduce or practice chapter or unit vocabulary, numbers, and phrases while integrating cultural studies and math skills.

Goals/objective(s):

Communication:

(World Language National Standard 1.1) Students engage in conversations, provide and obtain information, express feelings and emotions, and exchange opinions

- ♦ Have the student engage in conversation using the target vocabulary and grammar structure while discussing prices in euro.

(World Language National Standard 1.2) Students understand and interpret written and spoken language on a variety of topics

- ♦ Have the student engage in listening and writing skills related to the above topics.

Culture:

(World Language National Standard 2.1) Students demonstrate an understanding of the relationship between the practices and perspectives of the culture studied

- ♦ The student will demonstrate an understanding of the monetary unit euro and foreign exchange rate used in the target culture.

Connections:

(World Language National Standard 3.1) Students reinforce and further their knowledge of other disciplines through the foreign language

- ♦ The student will use math to convert prices from euro to US$.

Materials: target vocabulary, images of target vocabulary with prices (either from a textbook, compiled in a projected document, prepared by student research by shopping online or in a catalog); current exchange rate (either printed from web site, copied from a newspaper, or computers for students to find it themselves); calculators; paper and pencil

Credit © European Community, 2007

Procedure:

1) Review vocabulary words, using a student-centered activity.
2) Introduce or review phrases "how much does it cost?" and "It costs…" in target language.
3) Implement intro to the euro as described in "Introduction."
4) Written exercise: Have students select a set

number of items from those available with prices. Ask them to write on a piece of paper the item in the target language and its price in euros, then convert it to US$ using the exchange rate. Students must use the equation xy, where x=the price in €, and y= the exchange rate €/$.

5) Oral activity: Students go shopping. Give students a set amount of money, depending on the vocabulary set you are working with (10€/$, 100€/$, etc). Have students "buy" items from different classmates. One asks "How much does X cost" and the other responds "X costs #€. The students should record what they buy and from whom, how much it costs, and then calculate what is left. They shop until their allotment of funds is gone.

Follow up activities

Either of the following activities can also be modified for the foreign language classroom. To integrate further study of the design of the euro and art, see the activity "A Picture is Worth a Thousand Words."

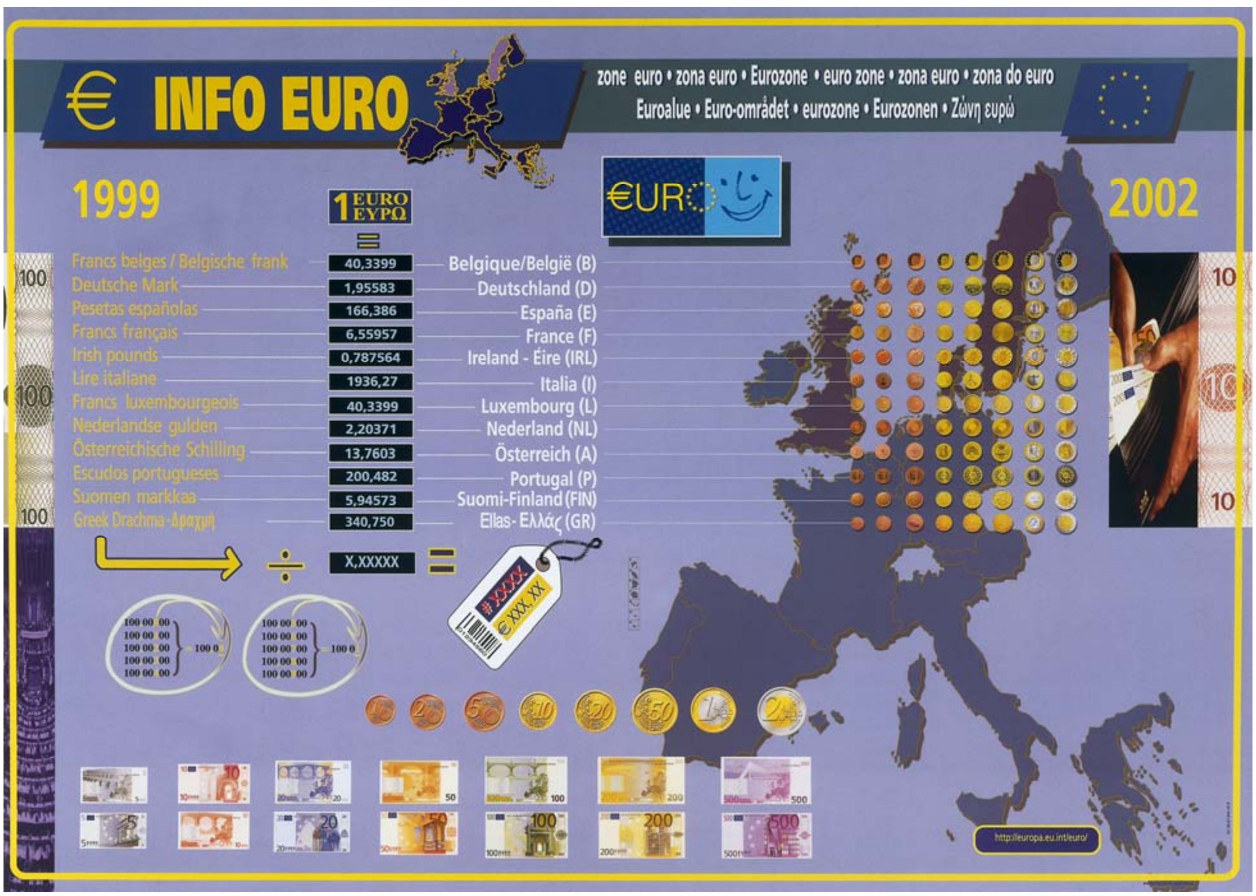
Social Studies Activity 1

"Why the Euro?"

Subject Areas: Economics, Mathematics

Goal: Students learn the complexity of the former currency exchange system in Europe and why the members of the Euro Area agreed to adopt the euro and discontinue their national currencies.

Materials: Paper; a calculator for each group; current exchange rate (either printed from website, copied from a newspaper, or computers for students to find it themselves); a list of the exchange rates of national currencies to the euro (below and on p. 17); an overhead projector



Credit © European Community, 2007

Procedure:

1) Form seven groups, each group represents a country: France, Germany, Greece, Ireland, Italy, the Netherlands, and Spain.

2) Groups receive money as follows:

Greece	18,000 drachmas
Ireland	40 pounds
Italy	101,000 lira
France	345 francs
Spain	8750 pesetas
The Netherlands	115 guilders
Germany	103 Deutsch marks

3) When currencies are exchanged, there is a charge of 5%. For example, when the current exchange rate is 1.3 US dollars for every euro, then one must pay 1.365 dollars for 1 euro.

4) Use the chart which shows national currency exchange rates with the euro to complete the calculations. With these, students must convert a European currency to the euro and then to their own currency using the following simple formula.

   (x/y)z

   Where: x equals the cost of the item in local currency
   y equals the amount of local currency required to one euro
   z equals how much of home currency required to buy one euro

   Remember to multiply the result of this by 1.05. The result is your cost, including the currency exchange fee.

   Show the following example on the overhead:

   For a Greek to purchase chocolate from Germany (see p. 16):
   (Deutsch marks/exchange rate to euros) x drachmas per euro x 1.05

   (10/1.95) x 340.75 x 1.05

   In general the equation should look like this:
   (Price in local currency/Exchange of Local to euros) x Home currency per euro x 1.05

5) Each group goes shopping! Hand out the Euro Shopping Ledger sheet (p. 18) to help students keep track of the information. Each group must buy all of the following from the list:

Chocolate from Germany for 10 Deutsch marks
Yogurt from Greece for 1000 drachmas
Pasta from Italy for 4000 lira
A baguette from France for 20 francs
Tomatoes from Spain for 200 pesetas
Flowers from the Netherlands for 10 guilders
Potatoes from Ireland for 10 pounds

6) After all groups have completed their calculations, explain to them that they will be purchasing all of the same items, but this time they are shopping after the adoption of the euro.

   Each group receives money as indicated below

Germany	50 euro
Greece	50 euro
Italy	50 euro
France	50 euro
Spain	50 euro
The Netherlands	50 euro
Ireland	50 euro

   Each group goes shopping. Every group must buy all from the following list:

German chocolate for 5.10 euro
Greek Yogurt for 2.90 euro
Italian pasta for 2.05 euro
A French baguette for 3.05 euro
Spanish tomatoes for 1.20 euro
Dutch flowers for 4.55 euro
Irish Potatoes for 12.75 euro

7) Lead a discussion about the euro. Discussion questions can include
   - What are the benefits of a common currency? What are the drawbacks?
   - What might be the effects of a common currency on national identity?
   - Would a world wide common currency be beneficial? What kind of issues might it cause?

Official Fixed Euro Rates for Participating Countries

On February 28, 2002 the national currencies of Euro Area nations ceased to be legal tender. At that time each national currency's final exchange rate was fixed to euro. The following table shows the final exchange rate between the euro and the national currencies of the original Euro Area countries.

Country	Currency	Symbol	Rate per Euro
Austria	Schilling	ATS	13.7603 = EUR
Belgium	Franc	BEF	40.3399 = EUR
Germany	Deutsch Mark	DEM	1.95583 = EUR
Spain	Peseta	ESP	166.386 = EUR
Finland	Markka	FIM	5.94573 = EUR
France	Franc	FRF	6.55957 = EUR
Greece	Drachma	GRD	340.750 = EUR
Ireland	Pound	IEP	0.787564 = EUR
Italy	Lira	ITL	1936.27 = EUR
Luxembourg	Franc	LUF	40.3399 = EUR
The Netherlands	Guilder	NLG	2.20371 = EUR
Portugal	Escudo	PTE	200.482 = EUR
Vatican City	Lira	VAL	1936.27 = EUR

Information accessed from http://www.xe.com/euro.htm

Name:____ Period: ___

Home Country: _______________ Home Currency: _____________

Europe Shopping Trip Ledger 1

Item	Price	Exchange of Local Currency Euros	Exchange of Home Currency to Euros	Multiply by 1.05	Total Cost in Home Currency
German Chocolate	10 Deutsch Marks				
Greek Yogurt	1000 Drachmas				
Italian Pasta	4000 Lira				
French Baguette	20 Francs				
Spanish Tomatoes	200 Pesetas				
Dutch Flowers	10 Guilders				
Irish Potatoes	10 Pounds				

Total Expenditure: __________

(x/y)z

Where: x equals the cost of the item in local currency
y equals the amount of local currency required to one euro
z equals how much of home currency required to buy one euro

Remember to multiply the result of this by 1.05. The result is your cost, including the currency exchange fee.

Name:____ Period: ___

Home Country: __________________ Home Currency: _______________

Europe Shopping Trip Ledger 2

Item	Price	Exchange of Local Currency Euros	Exchange of Home Currency to Euros	Total Cost in Home Currency
German Chocolate	5 Euro	X	X	
Greek Yogurt	3 Euro	X	X	
Italian Pasta	3 Euro	X	X	
French Baguette	3 Euro	X	X	
Spanish Tomatoes	2 Euro	X	X	
Dutch Flowers	5 Euro	X	X	
Irish Potatoes	3 Euro	X	X	

Multiply x 1.05: ___________
Total Expenditure: ___________

$(x/y)z$

Where: x equals the cost of the item in local currency
y equals the amount of local currency required to one euro
z equals how much of home currency required to buy one euro

Remember to multiply the result of this by 1.05. The result is your cost, including the currency exchange fee.

Alternative Activities

Scenario 1 – Exchange students going to Europe

Overview: Students plan a trip to Europe and have to deal with fluctuating exchange rates.

Next year you have the opportunity to study abroad as an exchange student in Paris. In order to get acclimated to your new environment you plan to travel through the EU to see the sights.

Part 1:
Plan your trip. Use travel guides and online resources to find a list of locations you want to visit and figure out the amount of money you are likely to spend. Create a travel plan that includes the following:

- ♦ The 3 areas you will visit
- ♦ One hotel for each area and the cost for lodging
- ♦ The average price for meals and the cost for food for one day

Find the price of all of these in euros and convert to dollars using the provided exchange rate. $1 = 0.75€, or €1 = $1.3257

Part 2:
As you get close to leaving on your trip you discover that the value of the dollar has risen compared to the euro. Recalculate the amount of dollars that you will have to spend and find the difference, using the exchange rate: $1 = 1.2€, or €1 = $0.8

Scenario 2 – Import/Export

Overview: Students see how the movement to a common currency has promoted a better business environment.

You are the head buyer for a major import/export company, Euro Imports Ltd, which buys goods from different countries. You have to fill an order for a variety of European luxury goods. Use the information provided and a calculator to fill out the order form.

Fill out ledger 1 of the cost to import these items in 2001. This is complicated because of all the national currencies.

Then fill out ledger 2 as would apply today with the euro. This shows the simplifications of business under a single currency.

Ledger 1

Item	Origin	Price	FX Rate per USD	Multiply by 1.05	Price in USD
Ducati Motorcycle	Italy	23,235,000 Lire	1452.67		
BMW 750i	Germany	88,000 Deutsch Marks	1.46726		
1 Louis Vitton laptop case	France	3083 Francs	4.92096		
10 Bales of Lambs Wool	Ireland	9450 Pounds	0.590820		
15 Boxes of Godiva Chocolates	Belgium	28240 Belgium Francs	30.3018		
5 Guitars	Spain	831,930 Pesetas	124.821		

Remember to calculate a 5 percent fee for each currency exchange!

Total Price in USD ________________

Ledger 2

Item	Origin	Price	Price in USD
Ducati Motorcycle	Italy	12,000 Euros	
BMW 750i	Germany	45,000 Euros	
1 Louis Vitton laptop case	France	470 Euros	
10 Bales of Lambs Wool	Ireland	12000 Euros	
15 Boxes of Godiva Chocolates	Belgium	700 Euros	
5 Guitars	Spain	5000 Euros	

Use the following exchange rate: 1 USD = 1.1237962791 EUR

Multiply x 1.05 ________________
Total Price in USD ______________

This time only add an exchange fee once for each currency!

Scenario 3 – What does it cost at home vs. abroad

Overview: Students research a list of products to find out how much they cost in the home country of the company versus how much they cost in foreign countries.

Use the following list of goods to find out the variation in prices in different parts of the world. For American-made goods find out how much they cost in an EU country and for European-made goods, find out how much they cost in the US.

America	**Europe**
Ipod	Mercedes Benz S 500
Windows Vista	Nokia Cell Phone
Harley Davidson Motorcycle	Ducati Motorcycle

Scenario 4

Overview: In this scenario students see the possible negative side of the adoption of a common currency. Students begin by reading the article “Italy rows over rising euro prices” from bbc.com. They can then read the counter argument in the article “Prices safe from euro launch.” Divide the class into two sides and engage them in a structured academic controversy from the perspective of the UK as to whether or not their country should adopt the euro.

For: The UK should join the Euro Area because it will benefit the economy and give the country more influence in the EU

Against: Adopting the euro will cause an increase in prices and cause the UK to lose its national identity.

“Italy rows over rising euro prices” - http://news.bbc.co.uk/2/hi/business/1741232.stm

“Prices safe from euro launch” - http://news.bbc.co.uk/2/hi/business/1760757.stm

Public opinion on secession from the euro

Although the failure of the ratification of the European Constitution would have no direct impact on the status of the euro, some debate regarding the euro arose after the negative outcome of the French and Dutch referenda in mid-2005.

- A poll by *Stern* magazine released on June 1, 2005 found that 56% of Germans would favor a return to the Deutschmark.
- Members of the Northern League northern Italian separatist political party have discussed calling a referendum to return Italy to the lira.

- Members of the right-wing Movement for France political party have proposed holding a referendum to return France to the franc.
- In contrast to Germany, a poll in Austria on June 7, 2005 showed overwhelming support of the euro with 73% of the sample said they preferred to keep the common currency with only 21% in favor of returning to the old currency, the Schilling.
- Soon after these suggestions were made, the European Commission issued a statement denying any possibility of this, stating "the euro is here to stay."
- More recently, in April 2006 after the Italian elections, the subject once again came up. Again, the EU strongly refuted this, calling the suggestion "impossible."

Social Studies Activity 2

"A Picture is Worth a Thousand Words"

Subject Areas: Art, World Language, Social Studies

Goals: Students will evaluate and design images for banknotes based on their evaluation of euros and dollars.

Materials: Images of euro notes and coins; images of American dollar notes and coins; poster board or paper; pens and markers; writing paper; computer (optional)

Overview: Students will look at different examples of euro bills and coins to see what images are used. They are asked to think about the significance of these images. Teacher can provide background information on the images that were selected (see Further Readings p, 8, The Euro.) After discussing the images the students, in groups, decide what types of images they think should go on the US dollars. The students work in groups to design new dollars with images they believe are appropriate. Students then write a brief essay explaining and supporting their image.

Procedure
Opening:
1. Students are shown images of American banknotes and coins. Individually they write down what they believe the images represent and why they are on the notes or coins.

Activity:
1. Students are placed in groups of 4 or 5 and share the thoughts they wrote during the opening.
2. Students see images of euro notes and coins, and the teacher explains the symbolism and logic behind each denomination.
3. Students work in groups to design new notes and coins for the US.
    a. Groups decide what should go on the notes and coins and why. Groups must be able to defend their choices.
    b. Each group should design a different denomination.
4. Students present their designs the rest of the class.
5. The class discusses the ideas of national identity and monetary images.
6. Students write an essay or topical paragraph explaining and supporting their image.

Extension activity: Students can research the history of US banknotes and coins and the images on them at the Office of printing and engraving's website http://www.moneyfactory.gov/newmoney/index.cfm

Contact Information

Center for West European Studies

The Jackson School of International Studies
University of Washington
120 Thomson Hall
Box 353650
Seattle, WA 98195

Ph: 206-543-1675
Fax: 206-616-2462

cwes@u.washington.edu

http://jsis.washington.edu/cwes/

European Union Center of Excellence

Jackson School of International Studies
University of Washington
120 Thomson Hall
Box 353650
Seattle, WA 98195

Ph: 206-616-2415
Fax: 206-616-2462

euc@u.washington.edu

http://jsis.washington.edu/euc/