An Overview of the European Union, Eurozone, and the European Debt Crisis

Overview

This lesson is a very brief introduction of the European Union, Eurozone, and the Europe Debt Crisis. Through a PowerPoint centered discussion, students are introduced to the European Union, including the reasons for its founding, the countries involved, and the basics of the European Monetary Union or "Eurozone". Students then examine some of the causes of the current European Debt Crisis by reading two Op-Eds – one from economist, Paul Krugman, and the other one from political commentator, David Brooks – that highlight differing views on the causes of the crisis.

Grade

High School

Materials

- Overview of the European Union & the Eurozone Debt Crisis PowerPoint
  - Available in Carolina K-12's Database of K-12 Resources: https://k12database.unc.edu/wp-content/uploads/sites/31/2012/06/OverviewoftheEurozoneCrisisPPT.pdf
- European Union Guided Notes (attached)
- "The Spirit of Enterprise" by David Brooks (attached)
- "Killing the Euro" by Paul Krugman (attached)
- Eurozone Debt Crisis "Cheat Sheet" (attached)
- Sample Fables handouts (attached)
- Eurozone Debt Crisis Fables instructions handout (attached)

Essential Questions:

- What is the European Union and why was it created?
- What is the Eurozone?
- What is the Eurozone Crisis?

Duration

90 minutes

Student Preparation (optional)

For homework, have students watch the following video, "The Crisis of Credit", to provide them with an introduction to debt and credit as it relates to the 2008 US Financial Crisis. Although the US Crisis and the Eurozone Crisis are not the same, this video will help students visualize the type of chain reactions set off by defaults and credit crises.

- http://crisisofcredit.com/

Teacher Preparation

This lesson provides a very basic overview of the European Union, Eurozone, and Eurozone debt crisis and was last updated in May, 2012. Due to rapid developments concerning the Eurozone crisis, some of the information may need updated depending on your date of implementing this lesson.

Procedure

Warm Up: What's a Union?

1. As a warm-up, project slide 2 of the "European Union" PowerPoint and ask students to brainstorm the word "Union". Pose the following questions to assist them with their brainstorms:
   - Where have you heard the word "union"?
   - What organizations, people, countries, etc. you associate the word with?

- Answers are not limited to, but can include: marriages, European Union, labor union, player's union, Union Jack, Union Army during the US Civil War, teacher's union, etc.

2. After a few minutes of quiet brainstorming, solicit responses from students and write their responses on the board. Next share the Dictionary.com definition of union, such as:
   - Union: a number of persons, states, etc., joined or associated together for some common purpose

3. Highlight any student response that fit the definition of union. Underscore any examples that touch upon the idea of "teamwork" or "compromise". Discuss:
   - What are the benefits of joining a union? What are the negatives to joining a union?
   - What do you gain by joining a union? Do you have to give anything up when you join a union?
   - If something happens to one member of a union does it affect every member? Why or why not?
   - Can you think of any entities you encounter on a daily basis that are similar to a union? (i.e., How are sports teams like unions? If there's a player that causes trouble and the team is winning, what usually happens to the player? If there's a player that causes trouble and the team is losing, what usually happens to the player?)

A Short Intro to the European Union

4. Inform students that they will be learning about one of the world's most important unions, the European Union (EU.) They will learn about the political and economic aspects of the EU through a short PowerPoint presentation. Instruct students to take notes during the presentation. Stop every few slides and choose a student to summarize what they have just learned. Provide students with special needs, or students who you feel will benefit from such, with a copy of the attached "Guided Notes Sheet".

5. After discussing <u>slide 17</u>, discuss the following questions:
   - What did countries have to give up when they joined the European Union?
   - What did countries get to keep when they joined the European Union?
   - If you were from an EU country, how would you feel about joining the European Union? Would you support it or oppose it? Why?

The European Debt Crisis – Two Views

6. Move on to <u>slide 18</u> which pictures a cover of a July 2011 issue of *the Economist.* Tell students to examine the image for a few silent moments then discuss:
   - What is happening in this picture?
   - What is already falling off the side of the cliff?
   - What country is hanging on the edge of the cliff?
   - Why do you think the Euro is in danger of "falling off the cliff?"

7. Before moving on to the next activity, briefly explain to students that the Eurozone is embroiled in a major crisis and it is in danger of collapsing. Much like the United States, the EU experienced economic growth during the 2000's. Unfortunately, much of that growth was a mirage or is in danger of being wiped out by a financial crisis, similar to the one the US faced in 2008 when the US banking sector almost collapsed. Explain, there are many reasons why there is a crisis in the Eurozone and to understand them all it would take years of study, but there are some general causes of the Eurozone crisis.

8. Review <u>slides 24 – 27,</u> which provide a short overview of the Eurozone Crisis.

9. Divide students into pairs and provide one student with the editorials, "The Spirit of Enterprise" by David Brooks and the other student with "Killing the Euro" by Paul Krugman. Instruct students that they have 15 minutes to read their assigned editorial and to answer the attached questions.

10. After the allotted time, instruct students to summarize their editorials in their pairs and to share with their partner the key points, as well as what they agreed with and disagreed with.

11. Once all the groups have concluded, debrief the entire class with the following questions to ensure that students have a solid grasp on the basics of the European Union:
    - What country is viewed as the cause of the Euro Crisis? Why?
    - What is Greece's role in the crisis?
    - What is Germany's role in the crisis?
    - What is Krugman's main point? What about Brooks? With which author do you align with and why?
    - Referring back to our discussion of the European Union as a team, if your team mate is in trouble, do you help them or should you let them make mistakes that they'll hopefully learn from, even if it destroys the team?

Eurozone Debt Crisis Fables

12. As a culminating activity, tell students that they are going to create fables that tell the story of the Eurozone Debt Crisis. As a first step, ask the class to define a "fable."
    - A **fable** is a succinct fictional story, in prose or verse that features animals, mythical creatures, plants, inanimate objects or forces of nature which are given human qualities, and that illustrates a lesson.

13. Divide students into groups of 2 – 4 and provide each student with a copy of the attached "Examples of Fables" handout. Read each fable aloud as a class and then discuss the following questions:
    - What are the characters in this fable?
    - What is this fable's message?
    - How does the fable convey that message?

14. Provide each group with a copy of the attached "Eurozone Debt Crisis Fables" handout and assign each student in the group one of the attached roles. Review the instructions and the sample rubric before allowing groups to work on their projects.

15. Once groups have finished with their fables and illustrations, allow each group to present their completed project to the class. Before allowing groups to present, instruct students to draw a chart in their notebooks upon which to take notes throughout the presentations.

Fable Name	Countries Mentioned	Animals

(Optional Activity) Punk Economics: The European Debt Crisis

16. Irish economist, David McWilliams, released a 10 minute video explaining the European Debt Crisis and his views on why austerity policies adopted across Europe will cause more problems than they will solve. Provide students with the attached "Punk Economics Questions" handout and review the questions before playing the video. Once the video concludes, discuss the questions and answers as a class.

17. Below is a short biography of David McWilliams from his personal website (www.davidmcwilliams.ie/about):

    - David Mc Williams is one of Ireland's leading economic commentators. He was the first economist to see that the Irish boom was nothing more than a credit bubble and one of the very few to accurately predict it would all end in a monumental crash with bank failures, negative equity and rising unemployment and emigration.

He is an economist, broadcaster, bestselling author and most recently, he has brought economics to the national theatre with his one-man-show “Outsiders” – a unique partnership with the Abbey Theatre.

David also writes two weekly economics columns in the Sunday Business Post and the Irish Independent.

David first book “The Pope’s Children” was the best selling Irish non-fiction book in 2006, spending 52 consecutive weeks in the top five of the bestsellers. Described by the Sunday Tribune as “the definitive guide to the Ireland we live in”. The Pope’s Children was the first in a trilogy and the related TV series “In search of the Pope’s Children” – written and presented by David won an IFTA in 2007. The Pope’s Children was followed by The Generation Game, which in 2007 predicted the 2008/09 crash and the fact that one generation would be left suffering negative equity for years. It also explored the redemptive economic power of the Irish Tribe scattered around the world. This book and subsequent TV series proved to be the catalyst to the Global Irish Economic Forum at Farmleigh in 2009. The final book in the trilogy “Follow the Money” was published in late 2009.

David also wrote and presented the documentary “Addicted to Money” for ABC Australia, which was aired in four continents in winter 2009.

Between 2000 and 2006 David hosted the current affairs show “Agenda” on TV3, “The Breakfast Show” on Newstalk 106 and the topical chat show “The Big Bite” on RTE1. He has interviewed some of the most influential and thought provoking characters of our age, from Henry Kissinger to Mikhail Gorbachev and Hillary Clinton.

He was educated at Trinity College Dublin and the College of Europe Bruges, Belgium and before moving into writing and broadcasting he spent ten years in banking. First as an economist with the Irish Central Bank, then with the investment banks UBS and BNP.

18. Provide students with the attached “Punk Economics Questions” handout and review the questions before playing the video. Once the video concludes, discuss the questions and answers as a class.

Differentiation

- Students with special needs can be provided with a copy of the “Eurozone Crisis Explained in Brief” to supplement their reading.

Resources

- **Note: Due to the rapidly changing nature of the crisis, some of these links may be out of date by the time you use them.)**
- Economist Paul Krugman’s blog, “Conscience of a Liberal”, at the *New York Times*
    - http://krugman.blogs.nytimes.com/
- Financial Journalist, Felix Salmon’s blog at *Reuters*
    - http://blogs.reuters.com/felix-salmon/
- “It’s All Connected: An Overview of the Euro Crisis, A Visual Guide” from the *New York Times*
    - Includes interactive and printable versions:
    - http://www.nytimes.com/interactive/2011/10/23/sunday-review/an-overview-of-the-euro-crisis.html?hp
- Latest Eurozone news from *Bloomberg*
    - http://topics.bloomberg.com/euro-zone/
- Latest European Union news from *The Guardian*
    - http://www.guardian.co.uk/world/eu
- Latest Eurozone news from *the Economist*
    - http://www.economist.com/topics/euro-zone
- Eurozone Debt Crisis Visualized
    - http://kpilibrary.com/gallery/eurozone-dashboard

- BBC News Graphics Relating to Eurozone Crisis:
    - Eurozone Debt Web: Who Owes What to Whom?: http://www.bbc.co.uk/news/business-15748696
    - Greece's Debt Crisis Odyssey: http://www.bbc.co.uk/news/business-14977728
    - The EU and the Euro: Where They Stand: http://www.bbc.co.uk/news/world-europe-16107052
- BBC News Graphs on Twitter
    - https://twitter.com/#!/BBCNewsGraphics

Name________________________________ **European Union Guided Notes**

I. What is the European Union?

- The European Union is a unique

  ____

  ____between ___________ European countries.

II. Why Was the European Union Created?

- The EU was created in the aftermath of WWII. The first steps were to foster __________________________ cooperation: countries that _________________ with one another are economically interdependent and will thus __________________ ____________________________.
- Through a series of trade and political agreements from 1951 – 1993, a European Community (EC) was created.
  - Focused on economic and political cooperation among the countries.
- In 1993, the ____ was signed, replacing the EC with the EU.
- Maastricht Treaty established:
  - Common ____ Policy
  - Coordinated policy on ___________________________, ______________________________, ______________, and ______________________________
  - EU citizenship, which allowed people to ____ throughout the EU
  - Established a timetable for an economic and ____.
  - Specified the ____ which would determine when

    ____

III. European Union Symbols

- The stars symbolize:
  - ____
  - ____
  - ____.
- The number of stars has nothing to do with the number of member countries, though the circle is a symbol of unity.
- "____" - EU Motto
- It signifies how Europeans have come together, in the form of the EU, to work for

  ____

  _____________________________, while at the same time being enriched by the continent's many different cultures, traditions and languages.

IV. Political Component of the EU

- What began as a purely economic union has evolved into an organization spanning all areas, from development aid to environmental policy.
- The EU actively promotes ____ and ______________________ and has the most ambitious emission reduction targets for fighting climate change in the world.
- Thanks to the ______ ______ between EU countries, it is now possible for pe come much easier to live and work in another EU co

V. How Are Decisions Made?

- ____.
  - The ____ European Parliament has to approve EU legislation together with the Council (____).
- Before a Commission proposes new laws, it assesses the potential impact, listing the advantages and disadvantages to the policy.
  - Solicit a wide range of input: ____.
- The European Parliament and the Council review proposals by the Commission and propose ______________________.
- If the Council and the Parliament ____ upon amendments, a _______________________________________ takes place.
- In the second reading, the Parliament and Council can again propose amendments.

  ____

  ____ the proposed legislation if it cannot agree with the Council.
- If the two institutions agree on amendments, the proposed legislation can be adopted.
- If they cannot agree, a conciliation committee tries to find a solution.
- Both the Council and the Parliament can block the legislative proposal at this final reading.

VI. What is the European Monetary Union?

- The Economic and Monetary Union involves the coordination of ____, a common ____ and the ________________ as the common currency.
  - ____
  - EMU
- The euro was launched on _____________________________________ as a virtual currency for cash-less payments and accounting purposes.
- ____ were introduced on __________________.
- 17 of 27 EU countries are part of the Eurozone:

  Austria Belgium

Cyprus	Germany	Malta
Estonia	Greece	the Netherlands
Finland	Ireland	Portugal
	Italy	Slovakia
	Luxembourg	Slovenia
France		Spain

VII. Why a single currency?

- A single currency offers many advantages:
  - eliminating fluctuating exchange rates and exchange costs.
  - Because it is easier for companies to conduct cross-border trade and the economy is more stable, the economy grows and consumers have more choice.
  - encourages people to ____ in other countries.
  - At global level, the euro gives the ____, as it is the _______ rnational currency after the US dollar.
- A single currency also allows countries with smaller economics, such as Greece, to borrow more money.
  - This can help lead to more economic growth.
  - But borrowing too much, can lead ____________________, or the inability to pay back what you have borrowed.

VIII. What are the disadvantages to a single currency?

- Joining a monetary union can lead to the following:
  - Monetary policy not suited to the individual county's needs.
  - Larger ____.
  - Budget deficits
- Possible ____ in the legislation and execution of government budgets.
- Costs that are not necessarily economic include
  - Loss of some country identity and culture.
  - For example, you can no longer put the picture of your heroes on your currency.

IX. What is Monetary Policy?

- The term "monetary policy" refers to what a central bank, does to ____
  ____.
- What happens to money and credit affects interest rates (the cost of credit) and the performance of the economy.

X. What is inflation?

- Inflation is a _____________________________________ in the general level of __________________, which is equivalent to a ____ or purchasing power of _____________.
- If the supply of money and credit increases too rapidly over time, the result could be inflation

XI. Who Manages Monetary Policy?

- The independent ____ is in charge of monetary issues.
    - Its main goal is to maintain ____________________________________ or keeping inflation low.
    - The ECB also sets a number of ____ for the euro area.

      These rates determine how much you pay when you borrow money.
- ______________________ are still levied by EU countries and each country decides upon its own ________________.

XII. What is Fiscal Policy?

- The use by a government of its **______________________** and **_____________________________** to influence economic activity.
- In the EU, the European Central Bank is responsible for monetary policy. While each individual government is responsible for its own fiscal policy.
- In the US, the Federal Government is responsible for Fiscal Policy, while the independent Federal Reserve is responsible for monetary policy.

The Spirit of Enterprise
By DAVID BROOKS
Originally appeared in the NY Times on 12/2/2011

Why are nations like Germany and the U.S. rich? It's not primarily because they possess natural resources — many nations have those. It's primarily because of habits, values and social capital.

It's because many people in these countries, as Arthur Brooks of the American Enterprise Institute has noted, believe in a simple moral formula: effort should lead to reward as often as possible.

People who work hard and play by the rules should have a fair shot at prosperity. Money should go to people on the basis of merit and enterprise. Self-control should be rewarded while laziness and self-indulgence should not. Community institutions should nurture responsibility and fairness.

This ethos is not an immutable genetic property, which can blithely be taken for granted. It's a precious social construct, which can be undermined and degraded.

Right now, this ethos is being undermined from all directions. People see lobbyists diverting money on the basis of connections; they see traders making millions off of short-term manipulations; they see governments stealing money from future generations to reward current voters.

The result is a crisis of legitimacy. The game is rigged. Social trust shrivels. Effort is no longer worth it. The prosperity machine winds down.

Yet the assault on these values continues, especially in Europe.

Over the past few decades, several European nations, like Germany and the Netherlands, have played by the rules and practiced good governance. They have lived within their means, undertaken painful reforms, enhanced their competitiveness and reinforced good values. Now they are being brutally browbeaten for not wanting to bail out nations like Greece, Italy and Spain, which did not do these things, which instead borrowed huge amounts of money that they are choosing not to repay.

The estimated costs of these bailouts vary enormously and may end up being greater than the cost of German reparations after World War I. Germans are being browbeaten for not wanting to bail out Greece, where even today many people are still not willing to pay their taxes. They are being browbeaten for not wanting to bail out Italy, where future growth prospects are uncertain.

They are being asked to bail out nations with vast public sectors and horrible demographics. They are being asked to paper over fundamental economic problems with a mountain of currency.

It's true that Germans benefited enormously from the euro zone and the southern European bubble, and that German and French banks are far from blameless. It's true that the consequences for the world would be calamitous if the euro zone cracked up. It's true that, in a crisis, you do things you wouldn't otherwise do; you do things that violate your everyday values.

But our sympathy should be with the German people. They are not behaving selfishly by insisting on structural reforms in exchange for bailouts. They are not imprisoned by some rigid ideology. They are not besotted with some semi-senile Weimar superstition about rampant inflation. They are defending the values, habits and social contract upon which the entire prosperity of the West is based.

The scariest thing is that many of the people browbeating the Germans seem to have very little commitment to the effort-reward formula that undergirds capitalism. On the one hand, there are the technicians who are oblivious to values. For them anything that can't be counted and modeled is a primitive irrelevancy. On the other hand, there are people who see the European crisis through the prism of some cosmic class war. What matters is not how people conduct themselves, but whether they are a have or a have-not. The burden of proof is against the haves. The benefit of the doubt is with the have-nots. Any resistance to redistribution is greeted with outrage.

The real lesson from financial crises is that, at the pit of the crisis, you do what you have to do. You bail out the banks. You bail out the weak European governments. But, at the same time, you lock in policies that reinforce the fundamental link between effort and reward. And, as soon as the crisis passes, you move to repair the legitimacy of the system.

That didn't happen after the American financial crisis of 2008. The people who caused the crisis were never held responsible. There never was an exit strategy to unwind the gigantic debt buildup. The structural problems plaguing the economy remain unaddressed. As a result, the United States suffers from a horrible crisis of trust that is slowing growth, restricting government action and sending our politics off in strange directions.

Europe's challenge is not only to avert a financial meltdown but to do it in a way that doesn't poison the seedbed of prosperity. Which values will be rewarded and reinforced? Will it be effort, productivity and self-discipline? Or will it be bad governance, now and forever?

Source: http://www.nytimes.com/2011/12/02/opinion/brooks-the-spirit-of-enterprise.html?hp

After reading the editorial, answer the questions below:

1. Why are nations rich according to David Brooks? Do you agree or disagree with his assertion? Why?
2. How is the ethos of "effort should lead to reward" being undermined?
3. How did Germany follow this ethos? How did Greece not follow this ethos?
4. What kind of blame might the German and French banks share for the crisis?
5. What is Brooks' solution to the crisis? Do you agree or disagree?
6. What is Europe's challenge? What do you think will happen and why?

Killing the Euro
By PAUL KRUGMAN
Originally appeared in the NY Times on 12/2/2011

Can the euro be saved? Not long ago we were told that the worst possible outcome was a Greek default. Now a much wider disaster seems all too likely.

True, market pressure lifted a bit on Wednesday after central banks made a splashy announcement about expanded credit lines (which will, in fact, make hardly any real difference). But even optimists now see Europe as headed for recession, while pessimists warn that the euro may become the epicenter of another global financial crisis.

How did things go so wrong? The answer you hear all the time is that the euro crisis was caused by fiscal irresponsibility. Turn on your TV and you're very likely to find some pundit declaring that if America doesn't slash spending we'll end up like Greece. Greeeeeece!

But the truth is nearly the opposite. Although Europe's leaders continue to insist that the problem is too much spending in debtor nations, the real problem is too little spending in Europe as a whole. And their efforts to fix matters by demanding ever harsher austerity have played a major role in making the situation worse.

The story so far: In the years leading up to the 2008 crisis, Europe, like America, had a runaway banking system and a rapid buildup of debt. In Europe's case, however, much of the lending was across borders, as funds from Germany flowed into southern Europe. This lending was perceived as low risk. Hey, the recipients were all on the euro, so what could go wrong?

For the most part, by the way, this lending went to the private sector, not to governments. Only Greece ran large budget deficits during the good years; Spain actually had a surplus on the eve of the crisis.

Then the bubble burst. Private spending in the debtor nations fell sharply. And the question European leaders should have been asking was how to keep those spending cuts from causing a Europe-wide downturn.

Instead, however, they responded to the inevitable, recession-driven rise in deficits by demanding that all governments — not just those of the debtor nations — slash spending and raise taxes. Warnings that this would deepen the slump were waved away. "The idea that austerity measures could trigger stagnation is incorrect," declared Jean-Claude Trichet, then the president of the European Central Bank. Why? Because "confidence-inspiring policies will foster and not hamper economic recovery."

But the confidence fairy was a no-show.

Wait, there's more. During the years of easy money, wages and prices in southern Europe rose substantially faster than in northern Europe. This divergence now needs to be reversed, either through falling prices in the south or through rising prices in the north. And it matters which: If southern Europe is forced to deflate its way to competitiveness, it will both pay a heavy price in employment and worsen its debt problems. The chances of success would be much greater if the gap were closed via rising prices in the north.

But to close the gap through rising prices in the north, policy makers would have to accept temporarily higher inflation for the euro area as a whole. And they've made it clear that they won't. Last April, in fact, the European Central Bank began raising interest rates, even though it was obvious to most observers that underlying inflation was, if anything, too low.

And it's probably no coincidence that April was also when the euro crisis entered its new, dire phase. Never mind Greece, whose economy is to Europe roughly as greater Miami is to the United States. At this point, markets have lost faith in the euro as a whole, driving up interest rates even for countries like Austria and Finland, hardly known for profligacy. And it's not hard to see why. The combination of austerity-for-all and a central bank morbidly obsessed with inflation makes it essentially impossible for indebted countries to escape from their debt trap and is, therefore, a recipe for widespread debt defaults, bank runs and general financial collapse.

I hope, for our sake as well as theirs, that the Europeans will change course before it's too late. But, to be honest, I don't believe they will. In fact, what's much more likely is that we will follow them down the path to ruin.

For in America, as in Europe, the economy is being dragged down by troubled debtors — in our case, mainly homeowners. And here, too, we desperately need expansionary fiscal and monetary policies to support the economy as these debtors struggle back to financial health. Yet, as in Europe, public discourse is dominated by deficit scolds and inflation obsessives.

So the next time you hear someone claiming that if we don't slash spending we'll turn into Greece, your answer should be that if we do slash spending while the economy is still in a depression, we'll turn into Europe. In fact, we're well on our way.

Source: http://www.nytimes.com/2011/12/02/opinion/krugman-killing-the-euro.html?hp=&pagewanted=print

1. According to Krugman, what is the cause of the crisis?
2. What is "austerity"? How do you think it makes the crisis worse?
3. Why do you think Europe's leaders thought that cutting spending would increase business confidence?
4. What is deflation? (Hint: It's the opposite of inflation).
5. What is Krugman's solution to the Eurozone crisis? Do you agree? Why or why not?

Eurozone Debt Crisis “Cheat Sheet”

What are the Causes of the Sovereign Debt Crisis in the Eurozone?

- Too much debt- from the individual member states to the over leveraged financial institutions.
- Uncompetitive and vastly different economies tied to one ‘too strong’ currency
- Lack of a single fiscal authority within the Eurozone capable of strict supervision/enforcement

What are the resulting problems?

- Higher interest rates on sovereign debt of heavily indebted countries only exacerbates the crisis. Akin to placing more weight on top of a lame donkey as it climbs uphill.
- Fiscal austerity measures which only make the necessary economic growth much harder to achieve
- Debt contagion crisis which will likely result from placing “haircuts” on sovereign debt
- Market turmoil which has boiled over into the banking sector, thereby creating bank runs and market seizures which leads to national governments being forced to guarantee their banking sectors~~~> leading to more debt being heaped upon the sovereign ~~~> rating agency downgrades and higher interest rates over the sovereign debt issuance.
- In summary a vicious cycle of debt and instability which is absolutely unsustainable longer term.

Challenges to solving the crisis:

- 17 headed Eurozone hydra, each one bargaining and positioning in their own individual best interest with no clear overall objective.
- **Debt must be paid off, forgiven, or inflated away**. Which one will the Eurozone choose?
    - **If it is to be paid off** then someone will have to pay a very large tab, who will it be? Germany is very much against a euro fiscal transfer union.
    - **Forgiven?** Then bondholders take huge losses and the Eurozone sets a new and dangerous precedent of allowing sovereign defaults~~~> very dangerous and uncharted waters for financial markets.
    - **Inflate the debt away?** Only the central bank can do this and the ECB has made it very clear that this option is completely off the table.
- Rewriting the EU treaties of each sovereign allowing for the creation of a Eurozone treasury with police enforcement powers which requires each member state to relinquish their sovereignty to Brussels

Adapted and edited by Carolina K-12 from the source:
http://www.robertsinn.com/2011/10/23/the-eurozone-crisis-explained-in-brief/

The Ant and the Grasshopper

In a field one summer's day a Grasshopper was hopping about, chirping and singing to its heart's content. An Ant passed by, bearing along with great toil an ear of corn he was taking to the nest.

"Why not come and chat with me," said the Grasshopper, "instead of toiling and moiling in that way?"

"I am helping to lay up food for the winter," said the Ant, "and recommend you to do the same."

"Why bother about winter?" said the Grasshopper; we have got plenty of food at present." But the Ant went on its way and continued its toil. When the winter came the Grasshopper had no food and found itself dying of hunger, while it saw the ants distributing every day corn and grain from the stores they had collected in the summer.

Source: http://www.aesopfables.com/cgi/aesop1.cgi?sel&TheAntandtheGrasshopper&&antgrass.ram

Two Travelers and the Bear

TWO MEN were traveling together, when a Bear suddenly met them on their path. One of them climbed up quickly into a tree and concealed himself in the branches. The other, seeing that he must be attacked, fell flat on the ground, and when the Bear came up and felt him with his snout, and smelt him all over, he held his breath, and feigned the appearance of death as much as he could. The Bear soon left him, for it is said he will not touch a dead body. When he was quite gone, the other Traveler descended from the tree, and jocularly inquired of his friend what it was the Bear had whispered in his ear. "He gave me this advice," his companion replied. "Never travel with a friend who deserts you at the approach of danger."

Source: http://www.aesopfables.com/cgi/aesop1.cgi?sel&TheBearandtheTwoTravelers&&beartrav.ram

Four Oxen and a Lion

A Lion used to prowl about a field in which Four Oxen used to dwell. Many a time he tried to attack them; but whenever he came near they turned their tails to one another, so that whichever way he approached them he was met by the horns of one of them. At last, however, they fell a-quarrelling among themselves, and each went off to pasture alone in a separate corner of the field. Then the Lion attacked them one by one and soon made an end of all four.

Source: http://www.aesopfables.com/cgi/aesop1.cgi?sel&TheFourOxenandtheLion

Group Members ____

Eurozone Debt Crisis Fables

After learning about the Eurozone Crisis, it is your job to teach others about the crisis using a fable and an illustration for each the two editorials you read about the crisis. You will present your finished projects to the class.

A fable is a succinct fictional story, in prose or verse that features animals, mythical creatures, plants, inanimate objects or forces of nature which are given human qualities, and that illustrates a lesson.

Project Roles:
- Writer: Records ideas during the brainstorm and writes each fable.
- Illustrator: Creates an illustration for each fable.
- Presenter: This person will read the finished fables to the class, but will assist the writer and the illustrator with their tasks.

Directions:
1. Re-read each editorial and brainstorm the following questions for each dilemma as a group:
   - Which editorial do you agree with and why?
   - Pretend that you're in charge of the world, what decision would you make to resolve the crisis?
   - What lesson or message about each editorial would you like to convey?
   - Identify the countries mentioned in the editorials. What animal/object should represent each country?
     - The animal or object should convey something about that country. For example, portraying a country that is attacking another country as a shark implies that the country aggressive.
   - What should the title be for the two fables?

2. Once your group has answered the previous questions, begin working on your assigned roles. As you are working on your assigned role, solicit feedback from the other group members to ensure that the group is in agreement.

3. After finishing your two fables and illustrations, review them as a group and discuss any changes you feel are necessary.

Grading Rubric

Composition
Presents a moral
Logical event sequence, clearly written
Animals and/or objects are used to represent people or countries
Contains correct information about the Eurozone Debt Crisis
Illustrations
Illustrations relate to the story
Illustrations are creative in color and design
Editing
Proper grammar, mechanics, and spelling are used.