

Single Market Activity

Objective

This exercise aims to illustrate the benefits from having a single market that expands the offering of goods and services (leading to greater satisfaction, more competition and lower prices for consumers). This same exercise could also been used to explain the benefits of trade with other countries.

What you need

Paper bags (one per student), each containing an item that is worth no more than \$3.

Instructions

- Teacher asks each student to select one paper bag (containing one object), without looking into the bag or feeling it to guess its contents.
- Students gather in a circle and open their bags one at a time, showing everyone else the item in their bag.
- Teacher asks each student to assess the value of the object to him/her on a scale from one to ten, with one being the least valuable and ten being the most valuable. Students can write down their value on a sheet of paper.
- Teacher then asks each student to say the number he/she assigned to the object, and teacher adds up all of the numbers from each student.
- Then, teacher asks the students to trade their object with another student in order to get something they value more.
- After the trading occurs, students assign a number (same scale) to their new object and write down the new value.
- Teacher asks each student to say the number and adds up all the values.

The total number after trading should be higher than the number before trading, illustrating the benefits of a larger, single market.

For purposes of the Euro Challenge, teachers can also ask students to imagine that, instead of bartering items, they needed to trade by paying for the objects in the currency of the seller. Teachers should note that these transactions are much easier if the students are all using the same currency (avoiding the cost of changing money to pay in different currencies). Done this way, students can understand that there are benefits from being part of a single market (like all 27 European Union countries) and added benefits from being part of a monetary union with a single currency (like the 16 member countries of the Euro Area).

Note: In January 2011, Estonia will become the 17th nation to adopt the euro.