

Lesson Plan
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Monetary Policy: Introduction

Length

One 45 minute period

Grade Level

High School

Learning Objectives

- Students will identify the key aspects of monetary policy in the global economy.
- Students will read a number of fictional scenarios and determine the effect of those scenarios on foreign exchange rates.

Monetary Policy: Introduction

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Guided Reading Handout

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Homework

Students will complete Part 1 and 2 of the guided reading handout.

Class One

1. **(5 Minutes) Debrief Homework**
2. **(10 Minutes) Watch:** As a class, watch *The Global Role of the U.S. Dollar* and complete Part 3 of the Guided Reading Handout. It is important to note that the U.S. dollar plays in the global economy and its use as a “global currency for settling debts”. It is also important to note the advantages this provides to the U.S.
3. **(15 Minutes) Read:** Students will read and complete Part 4 of the Guided Reading Handout on currencies and exchange rates in order to give them the background needed to work through scenarios in the next step.
4. **(15 Minutes) Activity:** Have students work in small groups to complete the attached worksheet titled Monetary Policy Scenarios. They should discuss their answers as they work through each scenario. If time, review their answers together.

Homework (or Exit Ticket)

- Have students write a brief reflection on what they learned. They can consider: Why is monetary policy important? What special role does the U.S. dollar play in the global economy?

Vocabulary

central bank

centralized financial institution responsible for the monetary policy of a country (or group of countries with the same currency, such as the eurozone).

commodity

a good, typically a raw materials or agricultural products, that can be bought and sold.

inflation

what happens when prices continue to rise, meaning a country's currency is worth less than it was before because it can't buy as much (also known as a decline in purchasing power).

interest rates

the percentage of a loan that the person borrowing must pay to the lender on top of paying back the loan itself.

referendum

a vote, typically organized by a government, in which participants approve or reject a certain policy proposal. This is a form of direct democracy, in which citizens themselves (as opposed to elected representatives) make a policy decision.