

As seen in



Money

September 12, 2003

NO. 1 IN THE USA



Swedes' euro vote could have ripple effect

By Noelle Knox
USA TODAY

STOCKHOLM, Sweden — Sweden's vote Sunday on whether to adopt the euro as its currency could affect other countries likely to face the issue.

Sweden, Great Britain and Denmark are the only countries in the 15-member European Union that have not adopted the euro, a common currency.

The European Union will add 10 countries next year, and they likely will vote on adopting the euro in coming years. A vote for the euro in Sweden could make adoption more likely in those countries.

Swedes will vote in the wake of the murder Thursday of Foreign Minister Anna Lindh. Lindh was a vocal campaigner in favor of swapping the Swedish krona for the euro, and although a motive for her killing was unclear, some suspected it may have been linked to the politically charged euro referendum.

Before Lindh's death, polls showed anywhere from 47% to 57% of Swedes against the euro.

But her death raised the possibility of a sympathy vote in favor of joining the single currency, said Michael Klawitter, senior currency strategist at WestLB. "The main scenario remains that the euro opposition will win, but given Lindh's popularity and the number of undecided voters, the probability of a yes vote has gone up from 20% to 40%."

"The economic reasons for voting in favor are not strong," said Johan Lindblad, who works on Scandinavian immigration issues. "It is a big stepping stone to making a United States of Europe, and since I oppose that, I'll vote no."

Taxi driver Hoshyar Kader Taha, who immigrated here from Iraq in 1991, said he would vote for the euro.

"The Swedish currency is in a very good position, but in 10 years, who knows?" he said.

The referendum has strong support from global companies like General Motors, which owns carmaker Saab, and Ford Motor, which owns Volvo, and local telecommunications company Ericsson.

For businesses, Sweden's decision is important because importing and exporting in different currencies carries exchange rate risks.

On the flip side, swapping the krona for the euro would mean that Sweden would no longer be able to set interest rates — a key tool for controlling economic growth.

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Swedes' euro vote could have ripple effect, 5B

APPLICATIONS: *international affairs, analysis, expository writing*

DISCUSSION: How many countries belong to the European Union? Which of those countries have not yet adopted the euro? For Swedish citizens, what are the pros and cons of switching to a common currency? If Sweden opts for the euro, what key tool will it lose? Why is this important? How will the outcome of Sweden's vote impact other countries?

ACTIVITY: Examine the exchange rates in the Money section of USA TODAY.* (Look for the heading "Foreign currency per dollar.") How much would \$10 be in kronas? In euros? In British pounds? A strong dollar buys more units of foreign currency than a weak one. Has the dollar become stronger or weaker in the last year? How do you think this change has affected U.S. consumers? What impact has the fluctuation had on U.S. exporters — those who sell their products overseas? What factors do you think influence the stability of the dollar? *(Tues.-Fri.)

CURRENCY CONNECTION: What security features are included on both the euro and the newly redesigned \$20 note? Visit www.moneyfactory.com/newmoney and www.euro.ecb.int/en/section/recog.html to find out.

NATIONAL STANDARDS

NSS-EC.5-8.7 MARKETS AND MARKET PRICES

(Students) understand an exchange rate is the price of one nation's currency in terms of another nation's currency. Like other prices, exchange rates are determined by the forces of supply and demand. Foreign exchange markets allocate international currencies. (NCEE)

NSS-EC.5-8.12 INTEREST RATES

(Students) understand interest rates, adjusted for inflation, rise and fall to balance the amount saved with the amount borrowed, which affects the allocation of scarce resources between present and future uses. (NCEE)

The New Color of Money Challenge

The USA TODAY Charitable Foundation supports the Federal Reserve System and Department of Treasury's campaign to raise awareness of the newly redesigned \$20 note and U.S. currency among students, teachers and parents.



Q: What is the largest denomination of U.S. currency issued since 1969?

For more information about The New Color of Money and available materials and resources:

■ www.moneyfactory.com/newmoney ■ www.FederalReserveEducation.org ■ www.usatodayfoundation.org

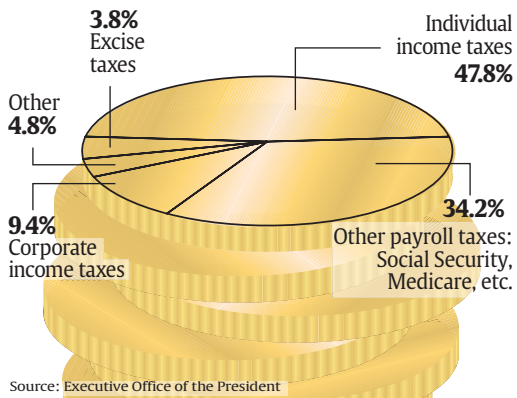
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Money Matters

USA TODAY Snapshots®

Breakdown of federal revenue

The federal government's estimated revenue sources for 2002:



Source: Executive Office of the President

By Shannon Reilly and Adrienne Lewis, USA TODAY

APPLICATIONS: *personal finance, government, analysis*

What conclusions about government revenue can you draw based on the information above? Under what circumstances is a person required to report his or her earnings to the IRS? Have you ever filed an income tax return?

According to the Internal Revenue Service, the national tax system evolved for three reasons:

1.) the need to raise revenue; 2.) the desire to be fair to different income groups; 3.) the desire to influence people's behavior (e.g., imposing "sin taxes" on alcohol and tobacco or giving tax breaks on charitable donations, etc.). In writing, explain how each of the above objectives will impact you personally as a future taxpayer.

COMPLIMENTARY EDUCATIONAL RESOURCES

On October 9, 2003, the United States government began issuing currency with new designs and security features beginning with the \$20 note. The new \$20 design retains three of the most important, easy-to-check security features that were first introduced in the 1990s: a watermark, security thread and color-shifting ink.

As part of a national campaign to raise awareness about the newly redesigned currency, the U.S. government is making educational materials available to teachers. These materials, correlated to national educational standards, aim to teach students about our nation's currency. The program, part of a broader initiative supported by education, civic and volunteer organizations, includes a range of interactive educational activities:

► **Interactive CD-ROM** – Educational activities related to the history, security features and production process of the newly redesigned currency.

► **Classroom Activity Poster** – Information on the newly redesigned currency and activities that drive students to the web and interactive CD-ROM.

► **USA TODAY Educational Lessons** – Daily and weekly activities challenging students on current events related to financial literacy and the newly redesigned currency.

► **Currency Puzzle Challenge** – Students are to find pieces in three issues of USA TODAY, assemble them, and complete the related activities.

All of these educational materials are available free to teachers online at www.moneyfactory.com/newmoney and www.usatodayfoundation.org. For more information, email: education@usatoday.com or contact Katie Mee at 202-530-4518.