



POWELL CENTER FOR
ECONOMIC LITERACY

Lesson Plan

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Forgiving Debt: Puzzling Terms in the Global Debate

Time Required

One class period

Grade Level and Subject

High school, Economics/Social Studies

Keystone Principles

Principle #1: We all make choices.

Principle #8: Quantity and quality of available resources impact living standards.

Voluntary National Content Standards in Economics

Standard #1: [Scarcity](#)

Standard #10: [Role of Economic Institutions](#)

Standard #11: [Role of Money](#)

Standard #13: [Role of Resources in Determining Income](#)

Economic Concepts

Commodity – A product or resource that can usually be purchased in bulk and that is used for further production. Examples would include petroleum, most grains and metals.

Credit – A loan of funds extended for a period of time. It may be as simple as delayed payment of an invoice or as complex as a structured bond or mortgage.

Debt – Money owed to someone else. Also the state or condition of owing money. Can be individual, corporate or government debt.

Developing Countries – This usually refers to nations with the some or all of the following characteristics: high rates of illiteracy, high rates of unemployment, low household income or per capita GDP, exports consisting of primary goods (commodities) rather than finished goods. A recent United Nations commission also includes high

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proportion of the population living in extreme poverty (less than \$1.50 per day).

Exports – *Goods and services produced in one nation and sold in other nations.*

Globalization – *Although there is no one precise definition, the term usually refers to the increased flow of trade, people, investment, technology, culture and ideas among countries.*

Growth – *The total change in an economic system, usually measured by the change in gross domestic product (GDP). Frequently, economists will also use “per capita GDP” as a measure. This is calculated by dividing a nation’s GDP by its population.*

Interest – *Money paid regularly, at a particular rate, for the use of borrowed money.*

Needs – *Often thought of as a physiological or biological requirement for maintaining life, such as the need for air, water, food, shelter, and sleep.*

Scarcity – *The condition that exists because human wants exceed the capacity of available resources to satisfy those wants; also a situation in which a resource has more than one valuable use. The problem of scarcity faces all individuals and organizations, including firms and government agencies.*

Shortage – *Insufficient supply to meet current demand at a given price.*

Standard of Living – *The material comfort and opportunities that exist for individuals in an economic system or nation. One common measure used to compare Standard of Living is per capita GDP.*

Traditional Economy – *An economy in which customs and habits from the past are used to resolve most economic issues of production and distribution.*

Overview

Many of the less economically developed nations of the world also labor under the burden of large debt owed to other nations. The reasons these poor nations have high levels of debt are varied. But paying off the debt places a severe strain on economies that are barely capable of providing a minimal standard of living, leaving little to invest in education, healthcare and other basic aspects of life

Many of the more developed economies are working on the idea of forgiving the debt of poorer nations. The thinking is that this will make resources available for the poorer nations to begin to improve their standards of living. This movement is being supported by high-profile celebrities, business executives, and government officials.

Objectives

- Students will read two articles regarding aspects of the debt relief program.
- Students will use a crossword puzzle (**Handout #1**) to familiarize themselves with terms from the reading.
- Students will use the terms in discussion based on the reading.

Materials and Handouts

- Computers with access to the World Bank’s educational website “YouThink!” at <http://www.youthink.worldbank.com/> (Alternatively, a sufficient number of copies of the following pages from the website:
“Issue Brief”: <http://youthink.worldbank.org/4teachers/pdf/debt/brief-debt.pdf>

“Reducing Debt in Africa”:

<http://youthink.worldbank.org/4teachers/pdf/debt/reducing-debt.pdf>

“Discussion Points”:

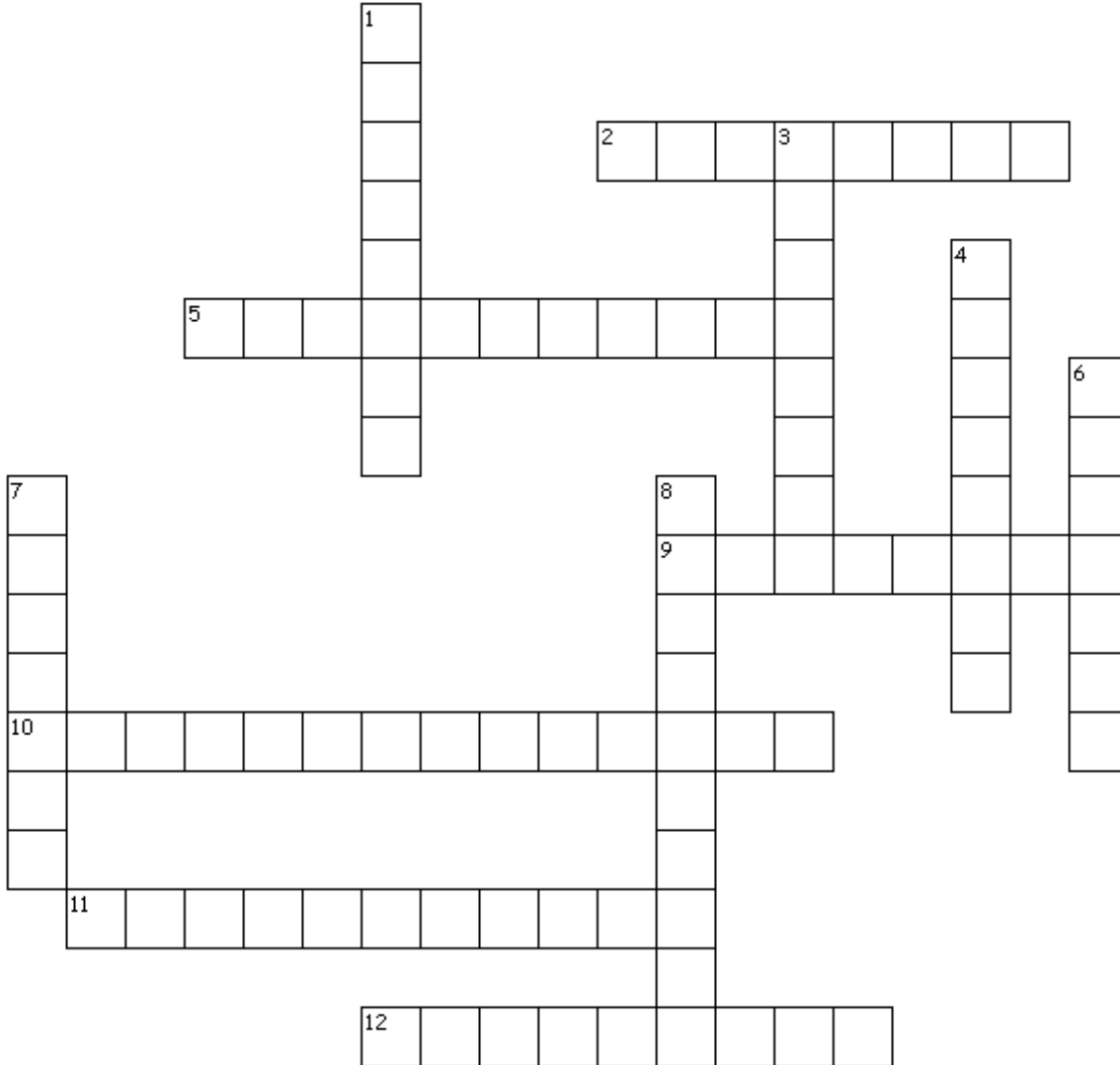
<http://youthink.worldbank.org/4teachers/pdf/debt/discussionpoints-debt.pdf>)

- Dictionary or computer access to <http://www.dictionary.com> or <http://wikipedia.org>.
- **Handout #1**-Global Debt Relief Crossword
- **Handout #2** – Answers to Global Debt Relief Crossword

Teaching Activity

1. Provide students with the information in the “Issue Brief” and “Reducing Debt in Africa” and allow them time to read the material.
2. Ask students if they are aware of the efforts of Bono of the band U2 in the area of debt relief. Ask them what he is doing, and why he feels it is important to do this.
3. Discuss the readings and focus on the concepts listed above in the “concepts” section. Be sure to discuss the types of economies involved in the issue; the reason the countries got so far into debt; and the impact on the people who live in those countries.
4. Ask students to think about why the countries that loaned the money can’t just cancel the debt. Who originally provided the money for the loans? (Investors, taxpayers, etc.) Should the people who made the loans go without repayment? Is that fair?
5. Provide students with the crossword puzzle and allow them time to complete, either working independently or in groups. (You may choose to display the list of terms for the students to shorten the activity.)

Global Debt Relief



Across

2. A fee paid for borrowing in addition to repayment of the loan.
5. Capable of being continued.
9. Decide how to distribute or divide.
10. Replacing or repairing.
11. Growth or change.
12. A resource used for production.

Down

1. Someone to whom money is owed.
3. Outside.
4. Not enough supply to meet demand.
6. Temporary or in-between.
7. Sales to other countries.
8. Given medicine to prevent disease.

12 of 13 words were placed into the puzzle.

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Puzzlemaker



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Global Debt Relief

Crossword Puzzle Answer Key

Across

2. A fee paid for borrowing, in addition to repayment of the loan
5. Capable of being continued
9. Decide how to distribute or divide
10. Replacing or repairing
11. Growth or change
12. A resources used for production

INTEREST
SUSTAINABLE
ALLOCATE
REHABILITATE
DEVELOPMENT
COMMODITY

Down

1. Someone to whom money is owed
3. Outside
4. Not enough supply to meet demand
6. Temporary or in-between
7. Sales to other countries
8. Given medicine to prevent disease

CREDITOR
EXTERNAL
SHORTAGE
INTERIM
EXPORTS
IMMUNIZE