

Resources for Teaching History and Economics

ECONnections Webinar

October 12, 2016

4:00 – 5:00 p.m. EDT

3:00 – 4:00 p.m. CDT



Welcome

Logistics

- Call-in number: **888-625-5230**
- Participant code: **1174-5627#**
- This call is being recorded and will be available a later date.
- You can listen through your computer or dial in to the toll free line listed above above.

Remember: Your specific connection matters; if audio on your computer diminishes, dial into the toll-free line.

How we will take questions

- Use the chat feature in the webinar (Ask Questions button on the bottom of the screen.)

Benjamin Franklin

And the Birth of a Paper Money Economy



A Lesson to Accompany "Benjamin Franklin and the Birth of a Paper Money Economy"

Lesson by

Andrew T. Hill, Ph.D., Federal Reserve Bank of Philadelphia

Lesson Description

In this lesson students learn about the role of money in the colonial economy by participating in a trading activity in which they observe the effects of too little money on trade within a colony. They learn about the difficulties associated with barter and the characteristics and functions of money. They read the booklet "Benjamin Franklin and the Birth of a Paper Money Economy" to learn about Benjamin Franklin's role in shaping our understanding of the role of money in the economy. The students participate in an activity to learn more about how a land bank would work. In the final activity, students learn how too much money can lead to inflation.

Grade Level

Grades 9-12

Content Standards

National Standards in Economics

- **Standard 11:** Students will understand that money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.
 - Benchmark 1, Grade 4: Money is anything widely accepted as final payment for goods and services.
 - Benchmark 2, Grade 4: Money makes trading easier by replacing barter with transactions involving currency, coins, or checks.
 - Benchmark 1, Grade 8: As a store of value, money makes it easier for people to save and defer consumption until the future.
 - Benchmark 2, Grade 8: As a unit of account, money is used to compare the market value of different goods and services.
- **Standard 19:** Students will understand that unemployment imposes costs on individuals and nations. Unexpected inflation imposes costs on many people and benefits some others because it arbitrarily redistributes purchasing power. Inflation can reduce the rate of growth of national living standards, because individuals and organizations use resources to protect themselves against the uncertainty of future prices.
 - Benchmark 1, Grade 4: Inflation is an increase in most prices; deflation is a decrease in most prices.
 - Benchmark 3, Grade 8: Inflation reduces the value of money.
 - Benchmark 4, Grade 8: When people's incomes increase more slowly than the inflation rate, their purchasing power declines.

A Lesson to Accompany "Benjamin Franklin and the Birth of a Paper Money Economy" Page 1 of 22
 Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of Philadelphia: www.philadelphiafed.org/education

<http://www.livebinders.com/play/play?id=2089637>



Visual 1
Functions and Characteristics of Money

Functions of Money:

- Medium of Exchange
- Unit of Account
- Store of Value

Characteristics of Money:

- Portable
- Divisible
- Durable
- Relatively Scarce
- Acceptable
- Relatively Stable in Value

A Lesson to Accompany "Benjamin Franklin and the Birth of a Paper Money Economy" Page 14 of 42
Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the
Federal Reserve Bank of Philadelphia: www.philadelphiafed.org/education

Visual 2
Auction Record

AUCTION ITEM	PRICE IN ROUND 1	PRICE IN ROUND 2

A Lesson to Accompany "Benjamin Franklin and the Birth of a Paper Money Economy" Page 15 of 42
Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the
Federal Reserve Bank of Philadelphia: www.philadelphiafed.org/education

<http://www.livebinders.com/play/play?id=2089637>



Handout 1 Trading Direction Cards

SELL You have 45 bushels of corn you are willing to sell for gold or silver coins. You will accept no other form of payment.	SELL You have 5 bolts of cloth you are willing to sell for gold or silver coins. You will accept no other form of payment.
1	2
BUY You would like to buy 5 bolts of cloth .	BUY You would like to buy 12 ducklings .
SELL You have 12 ducklings you are willing to sell for gold or silver coins. You will accept no other form of payment.	SELL You have 2 barrels of salted pork you are willing to sell for gold or silver coins. You will accept no other form of payment.
3	4
BUY You would like to buy 2 barrels of salted pork .	BUY You would like to buy 45 bushels of corn .
SELL You have 2 pounds of pig iron you are willing to sell for gold or silver coins. You will accept no other form of payment.	SELL You have 3 dozen eggs you are willing to sell for gold or silver coins. You will accept no other form of payment.
5	6
BUY You would like to buy 3 pounds of tobacco .	BUY You would like to buy 1 barrel of tar .
SELL You have 5 loaves of bread you are willing to sell for gold or silver coins. You will accept no other form of payment.	SELL You have 1 barrel of tar you are willing to sell for gold or silver coins. You will accept no other form of payment.
7	8
BUY You would like to buy 2 bushels of wheat .	BUY You would like to buy 5 loaves of bread .
SELL You have 3 pounds of tobacco you are willing to sell for gold or silver coins. You will accept no other form of payment.	SELL You have 2 bushels of wheat you are willing to sell for gold or silver coins. You will accept no other form of payment.
9	10
BUY You would like to buy 3 dozen eggs .	BUY You would like to buy 2 pounds of pig iron .

A Lesson to Accompany "Benjamin Franklin and the Birth of a Paper Money Economy" Page 16 of 22
Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of Philadelphia: www.philadelphiafed.org/education

Handout 2 Commodity Cards

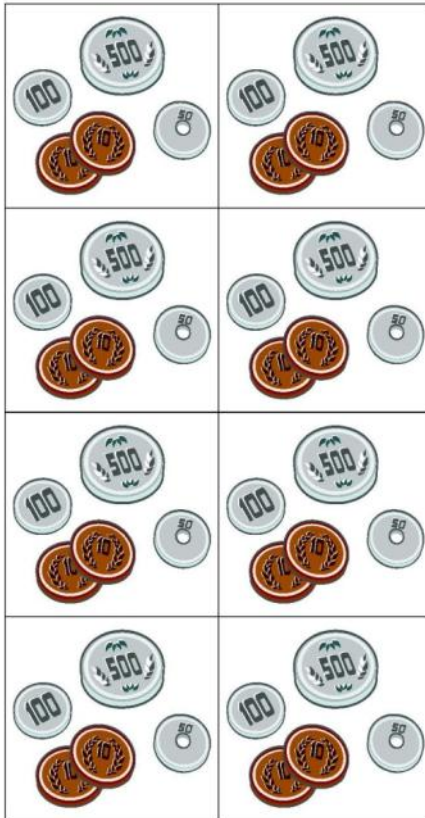
45 bushels of corn	5 bolts of cloth
1	2
12 ducklings	2 barrels of salted pork
3	4
2 pounds of pig iron	3 dozen eggs
5	6
5 loaves of bread	1 barrel of tar
7	8
3 pounds of tobacco	2 bushels of wheat
9	10

A Lesson to Accompany "Benjamin Franklin and the Birth of a Paper Money Economy" Page 17 of 22
Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of Philadelphia: www.philadelphiafed.org/education

<http://www.livebinders.com/play/play?id=2089637>



Handout 3 Coin Cards



A Lesson to Accompany "Benjamin Franklin and the Birth of a Paper Money Economy" Page 18 of 22
Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the
Federal Reserve Bank of Philadelphia: www.philadelphiafed.org/education

Handout 4 (continued) Reading Guide

II. Short Answer

Provide short answers to each of the following questions.

1. What was the state of Pennsylvania's economy when Benjamin Franklin arrived there at the age of 17?
2. What had likely caused the economic conditions that Franklin saw when he first arrived in Pennsylvania?
3. Explain the importance of gold and silver coins in the colonial era.
4. What is meant by the term "medium of exchange"?
5. How did Pennsylvanians get gold and silver coins? What did they do with them when they got them?
6. What did Benjamin Franklin observe about the flows of gold and silver coins to and from Pennsylvania?
7. When Pennsylvania issued paper currency, what was it backed by?

A Lesson to Accompany "Benjamin Franklin and the Birth of a Paper Money Economy" Page 20 of 22
Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the
Federal Reserve Bank of Philadelphia: www.philadelphiafed.org/education

<http://www.livebinders.com/play/play?id=2089637>





<http://www.livebinders.com/play/play?id=2089637>



Home

Trending

History

BEST OF YOUTUBE

Music

Sports

Gaming

Movies

TV Shows

News

Live

Spotlight

360° Video

Browse channels

Sign in now to see your channels and recommendations!

Sign in

YouTube Red

Philadelphia Fed

Subscribe277


Home

Videos

Playlists

Channels

About



The Federal Reserve and You Chapter 2: History of Central Banking in the United States

Philadelphia Fed · Last updated on Apr 22, 2015


Play all

Share or embed this playlist

Share

Save

1




Segment 201: The First Bank of the United States

by Philadelphia Fed

4:05

2




Segment 202: The Second Bank of the United States

by Philadelphia Fed

1:37

3




Segment 203: The State and National Banking Period

by Philadelphia Fed

2:05

4




Segment 204: Creation of the Federal Reserve

by Philadelphia Fed

4:13

5




Segment 205: The Great Depression

by Philadelphia Fed

2:44

6












Segment 207: Stagflation in the 1970s

by Philadelphia Fed

3:34

https://www.youtube.com/user/PhillyFed

1		Segment 201: The First Bank of the United States by Philadelphia Fed	4:05
2		Segment 202: The Second Bank of the United States by Philadelphia Fed	1:37
3		Segment 203: The State and National Banking Period by Philadelphia Fed	2:05
4		Segment 204: Creation of the Federal Reserve by Philadelphia Fed	4:13
5		Segment 205: The Great Depression by Philadelphia Fed	2:44
6		Segment 207: Stagflation in the 1970s by Philadelphia Fed	3:34
7		Segment 206: World War II Through the 1960s by Philadelphia Fed	1:30
8		Segment 208: Boom Times and Bubbles: The Internet Age by Philadelphia Fed	1:59
9		Segment 209: The Financial Crisis of 2007 - 2009 by Philadelphia Fed	3:23

The First Bank of the United States

Lesson Description

In this lesson, students view a film segment about the early United States and the first Bank of the United States from *The Federal Reserve and You*. They work in groups to examine quotations from Hamilton's and Jefferson's letters to President Washington and summarize the arguments each man is trying to make about the need for and constitutionality of the bill to incorporate the First Bank.

Grade Level

8–12

Lesson Author

Andrew T. Hill, Ph.D.
Federal Reserve Bank of Philadelphia

Standards and Benchmarks

See page 7.

Concepts

First Bank of the United States
Primary source document

Time Required

45 minutes

Materials

- Film segment "The First Bank of the United States" from Chapter 2: History of Central Banking in the United States of *The Federal Reserve and You*. The film is available streaming in 720p at philadelphiafed.org/the-federal-reserve-and-you. You may also order a standard definition DVD of the film at the same address.
- Handout 1: Hamilton Versus Jefferson, one copy for each student
- Handout 2: Assessment, one copy for each student

Objectives

Students will:

- Explain the differences between Alexander Hamilton's and Thomas Jefferson's view of the constitutionality of the first Bank of the United States and the power granted to the federal government by the U.S. Constitution.
- Explain the importance of primary source documents to the study of history and other related fields.

Procedures

- Ask the students how many banks they think there were in the United States in 1791. (*Answers will vary.*)
- Explain to the students that at the beginning of 1791, there were only four banks open and operating in the United States. They were located in Maryland, Massachusetts, New York, and Pennsylvania. Ask the students, given their knowledge about the functions that banks play in an economy, what difficulties people in the new nation may have faced given that there were only four banks. (*Answers will vary but may include no safe place to keep savings, no place to get a loan, and no convenient way to channel funds from savers to borrowers.*)
- Explain that while some wealthy merchants in Britain's 13 North American colonies, and later in the new United States, made loans and offered some of the services that banks normally do, the new nation nonetheless did suffer from a significant lack of banking services.

The First Bank of the United States: A Lesson to Accompany *The Federal Reserve and You*
©2013 Federal Reserve Bank of Philadelphia. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of Philadelphia, www.philadelphiafed.org/education.

**THE FEDERAL
RESERVE
AND YOU**

Handout 1: Hamilton Versus Jefferson

Directions: Each of the following excerpts is from either Thomas Jefferson's letter or Alexander Hamilton's letter to President Washington. Both letters were written in February 1791. Read each excerpt and determine, based on your knowledge of each man's position on the national bank bill, which man wrote the text. Circle that man's name in the second column. In the space under the excerpt, summarize the point the author was trying to make.

Excerpt 1	WHO WROTE IT? Hamilton or Jefferson? (circle one)
"It is known that the very power now proposed as a means was rejected as an end by the Convention which formed the constitution. A proposition was made to them to authorize Congress to open canals, and an amendatory one to empower them to incorporate. But the whole was rejected, and one of the reasons of rejection urged in debate was, that then they would have a power to erect a bank, which would render the great cities, where there were prejudices and jealousies on the subject, adverse to the reception of the Constitution."	Hamilton or Jefferson
Your summary:	

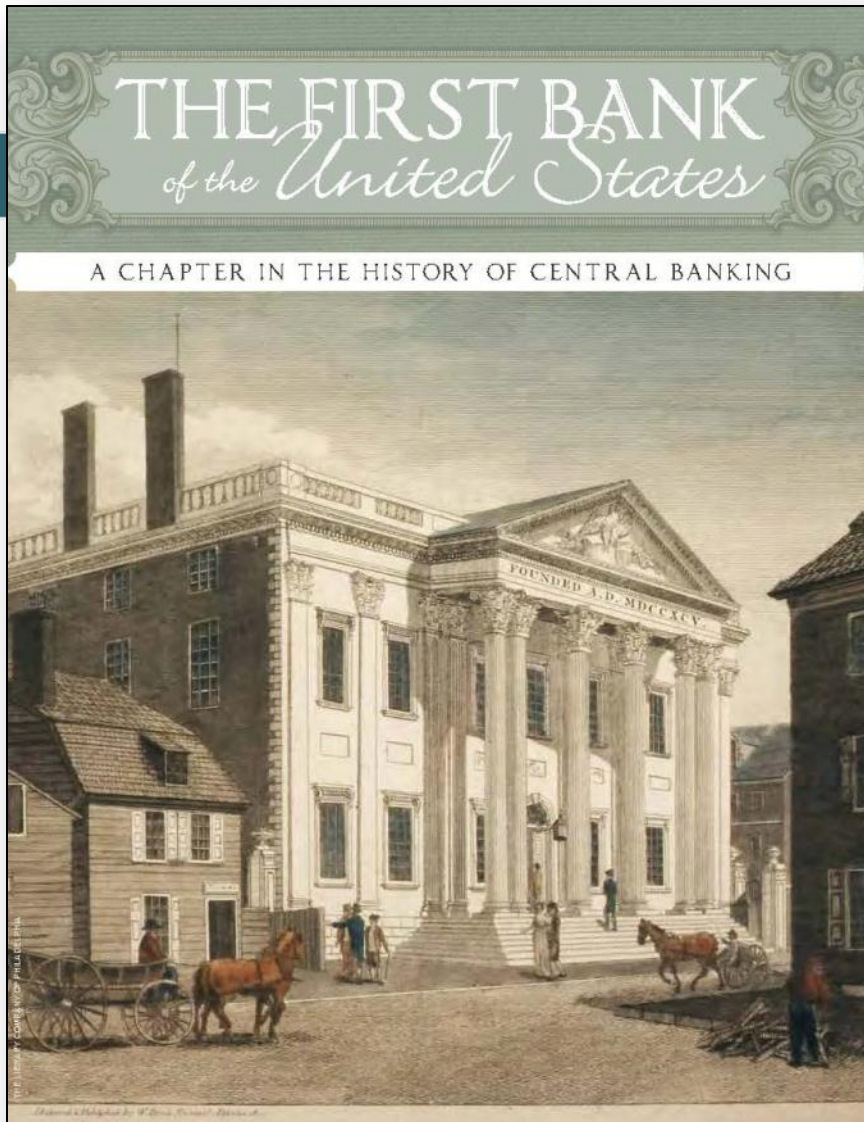
Excerpt 2	WHO WROTE IT? Hamilton or Jefferson? (circle one)
"All the arguments therefore against the constitutionality of the bill derived from the accidental existence of certain State banks — institutions which happen to exist today, and for ought that concerns the government of the United States, may disappear tomorrow — must not only be rejected as fallacious but must be viewed as demonstrative that there is a radical source of error in the reasoning."	Hamilton or Jefferson
Your summary:	

The First Bank of the United States: A Lesson to Accompany *The Federal Reserve and You*
©2013 Federal Reserve Bank of Philadelphia. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of Philadelphia, www.philadelphiafed.org/education.

**THE FEDERAL
RESERVE
AND YOU**

<http://www.livebinders.com/play/play?id=2089637>





A Lesson to Accompany "The First Bank of the United States: A Chapter in the History of Central Banking"

Lesson by

Andrew T. Hill, Ph.D., Federal Reserve Bank of Philadelphia

Lesson Description

In this lesson, through a reader's theater, students learn about the economics of the early United States and the debate between Alexander Hamilton and Thomas Jefferson over the founding of the first Bank of the United States. They examine quotations from Hamilton's and Jefferson's letters to President Washington and the arguments each man is trying to make about the need for and constitutionality of the bill to incorporate the bank. They read the booklet "The First Bank of the United States" to learn about the founding of the first Bank of the United States, the financial crisis associated with the bank's stock subscription, the bank's operations, and the way it influenced the early American economy. The students learn to read primary sources by examining letters written in the 1790s about the First Bank and its operations. In the final activity, the students learn about the First Bank's influence on the availability of credit in the early American economy by examining simple banking scenarios.

Grade Level

Grades 9-12

Content Standards

National Standards in Economics

- **Standard 10:** Students will understand that institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined property rights, is essential to a market economy.
 - Benchmark 1, Grade 4: Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest.
 - Benchmark 1, Grade 8: Banks and other financial institutions channel funds from savers to borrowers and investors.
- **Standard 11:** Students will understand that money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.
 - Benchmark 1, Grade 12: The basic money supply in the United States consists of currency, coins, and checking account deposits.
 - Benchmark 2, Grade 12: In many economies, when banks make loans, the money supply increases; when loans are paid off, the money supply decreases.

A Lesson to Accompany "The First Bank of the United States: A Chapter in the History of Central Banking"
 Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of Philadelphia.
www.philadelphiafed.org/education

<http://www.livebinders.com/play/play?id=2089637>



Handout 1

The Coffeehouse: A Reader's Theater

Setting (read by the Narrator):

It is an unusually quiet afternoon at a coffeehouse in Philadelphia in February 1791. Philadelphia, then the capital of the United States, is the center of political and economic life in the new nation. At this time, Philadelphia has a number of coffeehouses where its inhabitants come to discuss and debate the politics of the day and negotiate financial transactions. Travelers also often make use of the coffeehouses' facilities. After much debate, the House and the Senate have recently passed a bill to create a new national bank. The bill is now before President George Washington for either his signature or his veto. George Smith, a Philadelphia merchant and a regular at the coffeehouse, is just entering with his 15-year-old son, Edward. William and Sarah Harris, travelers from Virginia, have been staying at the coffeehouse for the last day and are enjoying some coffee in the corner. Hannah Bradford, the coffeehouse owner's daughter, is serving the customers. Peyton Plummer, a 68-year-old man who spent a short time in local politics some years ago, is enjoying his coffee at his table in the center of the room.

George Smith: (Enters the room with Edward following quickly behind) Ah, Peyton! You are here again! How are things?

Peyton Plummer: Quite good. Quite good, indeed. My rheumatism is still acting up, but I have to expect that at my age.

George Smith: May we join you?

Peyton Plummer: Of course! (looking at Edward) And how are you today young Master Edward?

Edward Smith: Particularly happy, Mr. Plummer. My father's consignment from London arrived on the *Lady Elaine* yesterday. I have been helping to unpack it all day. There are some wonderful things in those crates, including a new book I'm anxious to start reading.

Peyton Plummer: Ah, the shipments from England have always put a twinkle in the eyes of our young people!

Hannah Bradford: (Comes through the door from the back room and approaches the table where the Smiths and Peyton Plummer are seated) Good day, Mr. Smith! And, Edward, how are you?

George Smith: Hello, Hannah. I will have a cup of your best coffee.

Edward Smith: Hello, Hannah. May I please have a cup of hot chocolate?

Hannah Bradford: Certainly gentlemen! It will be right up! (turning to Peyton Plummer) Looks like your coffee is getting a little low there, Mr. Plummer. Would you like another cup?

A Lesson to Accompany "The First Bank of the United States: A Chapter in the History of Central Banking" 21
Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of Philadelphia.
www.philadelphiafed.org/education.

Handout 2

Hamilton Versus Jefferson

Directions: Each of the following excerpts is from either Thomas Jefferson's letter or Alexander Hamilton's letter to President Washington. Both letters were written in February 1791. Read each excerpt and determine, based on your knowledge of each man's position on the national bank bill, which man wrote the text. Write that man's name in the second column. In the space under the excerpt, summarize the point the author was trying to make.

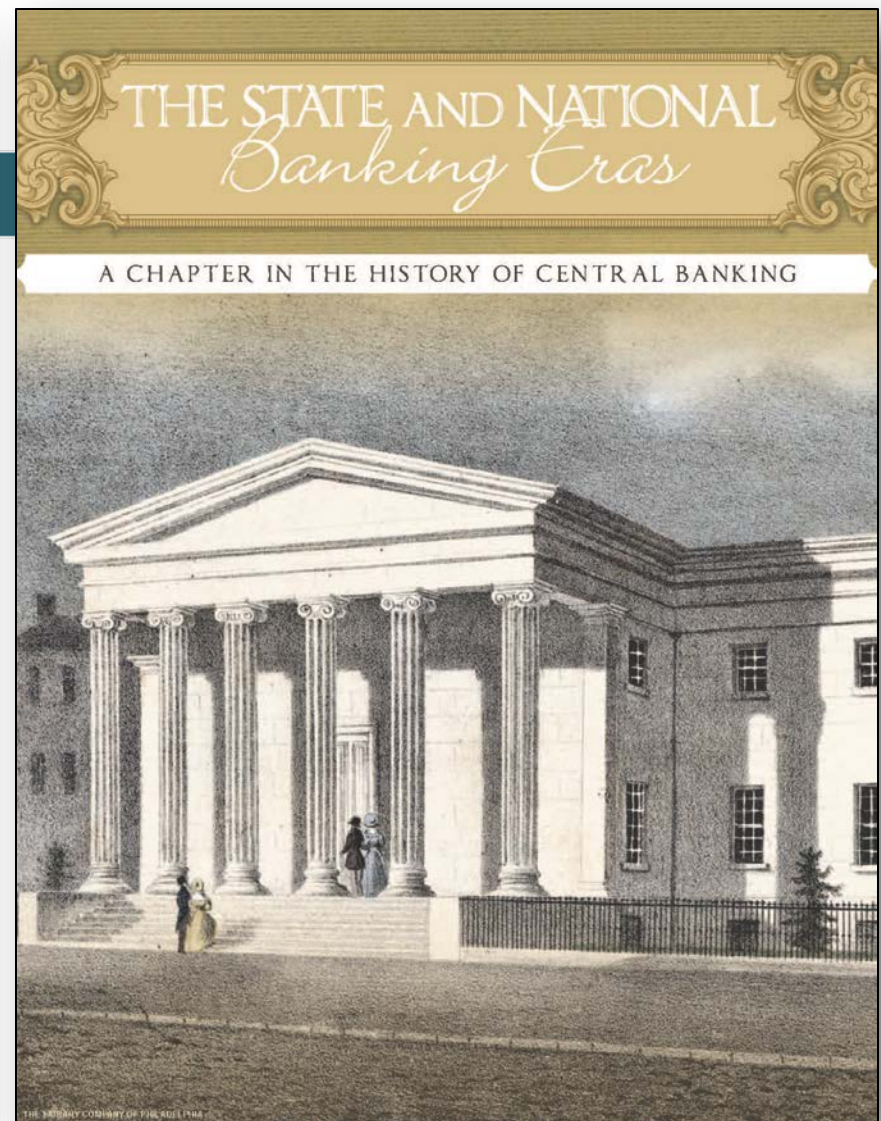
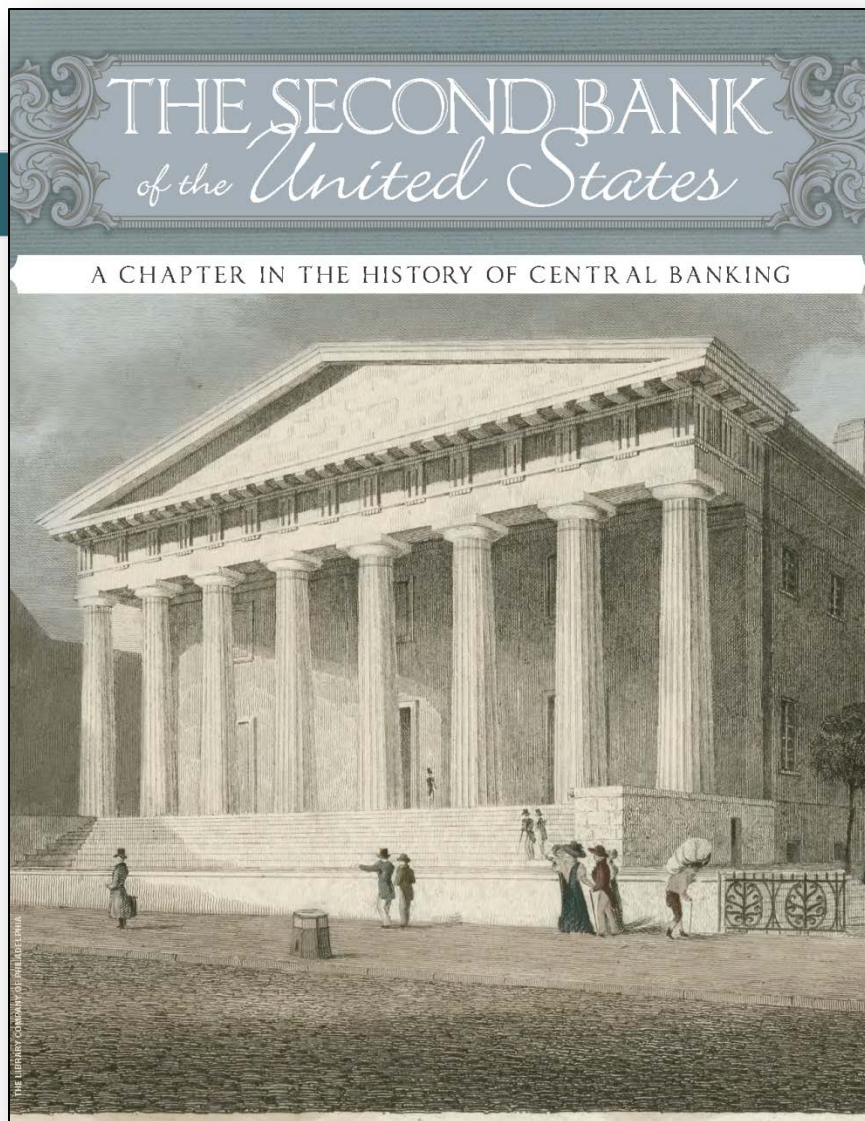
EXCERPT 1	WHO WROTE IT? Hamilton or Jefferson
"It is known that the very power now proposed as a means, was rejected as an end, by the Convention which formed the constitution. A proposition was made to them to authorize Congress to open canals, and an amendatory one to empower them to incorporate. But the whole was rejected, and one of the reasons of rejection urged in debate was that then they would have a power to erect a bank, which would render the great cities, where there were prejudices and jealousies on that subject adverse to the reception of the constitution."	
SUMMARY	

EXCERPT 2	WHO WROTE IT? Hamilton or Jefferson
"All the arguments, therefore, against the constitutionality of the bill derived from the accidental existence of certain state banks—institutions which <i>happen</i> to exist today and, for aught that concerns the government of the United States, may disappear tomorrow—must not only be rejected as fallacious but must be viewed as demonstrative that there is a <i>radical</i> source of error in the reasoning."	
SUMMARY	

A Lesson to Accompany "The First Bank of the United States: A Chapter in the History of Central Banking" 26
Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of Philadelphia.
www.philadelphiafed.org/education.

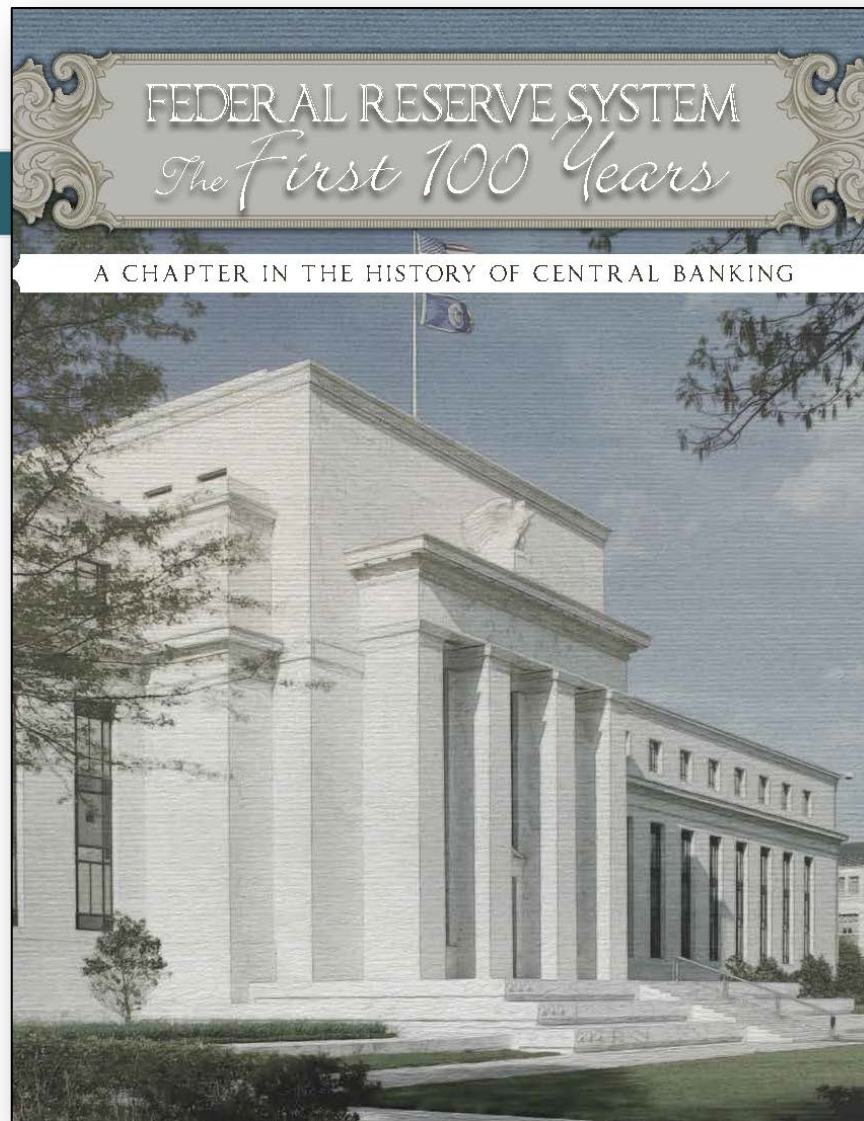
<http://www.livebinders.com/play/play?id=2089637>





<http://www.livebinders.com/play/play?id=2089637>

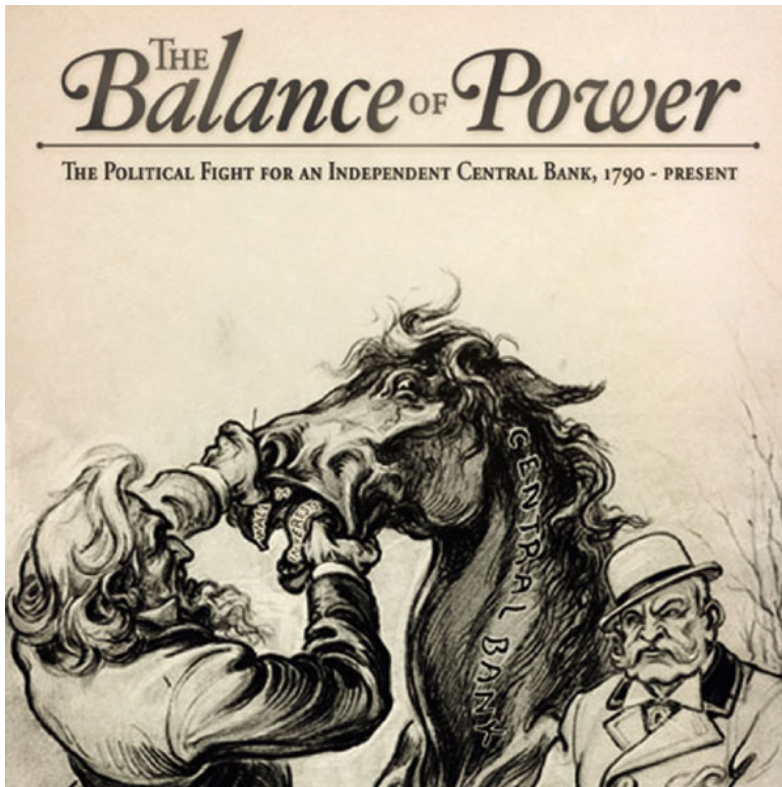




<http://www.livebinders.com/play/play?id=2089637>



Balance of Power – Book and Teaching Guide



- Free book provides historical overview of the formation of the Federal Reserve System
- Utilizes historical photos and political cartoons to build understanding
- Themes: central bank independence from political control
- Associated teacher's guide helps students develop understanding of the Federal Reserve's functions
- **Book and teacher's guide:**
 - <https://www.kansascityfed.org/education/resources/balance%20of%20power%20teaching%20guide>



Dr. Andrew Hill

Economic Education Advisor

Federal Reserve Bank of Philadelphia

andrew.hill@phil.frb.org

www.philadelphiafed.org/education

<http://www.livebinders.com/play/play?id=2089637>



Classroom Economist



Welcome to the **Classroom Economist**, our online multimedia teaching package featuring a number of resources to enhance your teaching of core economic topics.

Each module features video content that covers key concepts, with content ranging from informational videos to lectures from economists and master teacher lesson demonstrations. A voice-over **PowerPoint lesson** features a narrator speaking over slides. Also available is a **SMART Board lesson** on the topic. (Even if you don't have a SMART Board, you can open and use the lessons; PowerPoint versions of the lessons are also included. [See the instructions](#) for using SMART files without a board.)

The **Test Your Knowledge interactive quiz** gauges students' understanding—and yours—of the lesson. (You must view the quiz in slideshow mode. On the ribbon, select the Slide Show tab, then select From Beginning.) Finally, a **resources guide** provides links to a number of online tools that supplement the other materials.

Banking

Economic Indicators

Federal Reserve

Infographics

<https://www.frbatlanta.org/education/classroom-economist>

Classroom Economist

[Classroom Economist](#) | [Classroom Tools](#) | [Extra Credit](#) | [Katrina's Classroom](#) | [Lessons](#) | [Professional Development](#) | [Tours](#) | [Contact Us](#)

Classroom Economist



Classroom Economist

- ▶ [Classroom Tools](#)
- ▶ [Extra Credit](#)
- ▶ [Katrina's Classroom](#)
- ▶ [Lessons](#)
- ▶ [Professional Development](#)
- ▶ [Tours](#)
- ▶ [Contact Us](#)

History of Central Banking

This edition of the Classroom Economist explores the early history of central banking in the United States, describing the evolution of banking from the late 1700s through the Great Depression, with a special focus on the Fed's role in the Depression.

Lesson components

- [Lesson procedures](#)
- [SMART Board file to accompany lesson procedures](#)
- [Narrated presentation](#)
- [Test Your Knowledge interactive](#)
- [Resources guide](#)
- [Lesson: "The Great Depression: Could it Happen Again?" \(St. Louis Fed\)](#)

Videos

- [An Economist's Perspective](#) 
- [Lesson demonstration](#) 

RELATED LINKS

- [Classroom Economist](#)
- [Classroom Tools](#)
- [Federal Reserve Structure and Functions](#)
- [How to open SMART notebook without the SMART software](#)

Related Links on Other Sites

- [Federal Reserve Education](#)

<https://www.frbatlanta.org/education/classroom-economist>

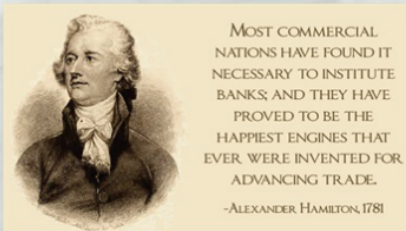
History of Central Banking

Key Points:

- Evolutionary process of the central bank of the United States
- Historical, political and social influences on creation of an response to central bank
- The important role of a central bank in monetary policy and financial stability

The First Bank of the United States 1791–1811

- Fiscal agent for government, accepted deposits from the public, made loans to citizens and businesses
- Promoted by Secretary of the Treasury Alexander Hamilton to manage nation's money and regulate credit
- Opposed by Secretary of State Thomas Jefferson
 - Maintained that Congress did not have the authority to create a central bank

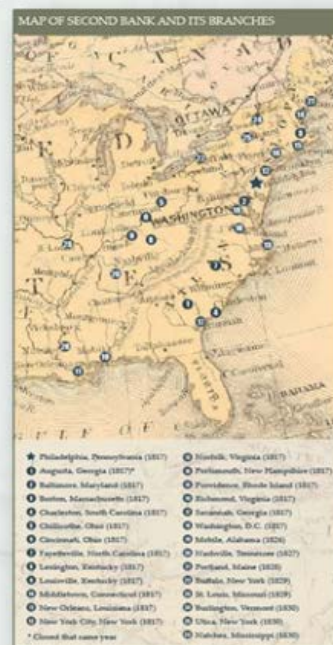


Classroom Economist:

History of Central Banking

The Second Bank of the United States 1816–1836

- The nation's financial woes and war debt brought change of opinion
- Similar functions but much larger than the First Bank
 - \$35m in capital; 20% from government
 - 25 directors, 5 appointed by president
 - 25 branches
 - Could lend directly to individuals and businesses
 - No formal monetary policy or regulatory functions



Classroom Economist:

History of Central Banking

Question 1

- The First Bank of the United States was:

A

- Promoted by Alexander Hamilton to manage the nation's money and regulate credit.

B

- Promoted by Thomas Jefferson to manage the nation's money and regulate credit.

C

- Promoted by Andrew Jackson to manage the nation's money and credit.

Classroom Economist:

History of Central Banking

History of Central Banking - An Economist's Perspective

Tom Cunningham, vice president, senior economist, and regional executive of the Federal Reserve Bank of Atlanta, gives an economist's view of the early history of central banking in the United States. He focuses on the evolution of banking from the late 1700s through the Great Depression, with a special focus on the Fed's role in the Depression.

Section 1: Early History of Central Banking (4:37)



History of Central Banking - Lesson Demonstration

Leah Kilfoyle, 12th grade economics teacher at Mountain Brook High School in Mountain Brook, Alabama, demonstrates an active-learning lesson with open market operations to teach students the concept of money supply. The lesson is structured to also teach the students the role of the Fed during the Great Depression. (6:07)



<https://www.frbatlanta.org/education/classroom-economist/history-of-central-banking>

Jekyll Island and the Creation of the Fed

Topics Covered

- The history of Jekyll Island
- Banking panics and the Panic of 1907
- The Aldrich-Vreeland Act and the National Monetary Commission
- The historic meeting on Jekyll Island
- The Aldrich Plan
- The Federal Reserve Act



Key points:

- Background information and primary source lesson
- Panic of 1907
- Aldrich Plan versus Federal Reserve Act

<https://www.frbatlanta.org/education/classroom-economist/jekyll-island>

Classroom Economist

Jekyll Island and the Creation of the Fed

Handout 3: 1911 Newspaper Articles (page 1 of 3)

Washington Herald

Friday, June 23, 1911

“President Urges Reform to Avert Monetary Panics”

Explains Purpose of Aldrich Plan to Banker/PRESENT SYSTEM WEAK/Central Bank Impossible for Political Reasons/People of the Country Would be Unwilling to Trust to Any Private Organization Such Enormous Control, says Mr. Taft in Address at Manhattan Beach- Drinks Toast to King and Queen of England

New York, June 22- President Taft told the members of the New York State Bankers' Association to-night at their banquet at the Oriental Hotel, Manhattan Beach, that some sort of drastic reform is necessary if the effects of monetary panics are to be minimized and if the available reserve of the country is to be used to obviate financial stringency.

Object of Plan

He explained to them with a methodical confidence of speech that the Aldrich plan meant “the establishment of the government of 7,000 national banks on a representative representation basis”. He told them it was a careful and well-drawn plan to avoid the concentration of power, either in Wall street or in Washington, and that it lacked all the elements which made Jackson oppose the United States Bank.

<https://www.frbatlanta.org/education/classroom-economist/jekyll-island>


Assessments Through Econ Lowdown

Resource Types

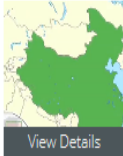
Topics

Lesson Groups


☐ Standalone Courses (+18)
 ☐ Cards, Cars, and Currency (+5)
 ☐ Cards, Cars, and Currency: Spanish Version (+5)
 ☒ **Classroom Economist**
☐ Con 'Em If You Can: Lessons from Con Art School (+5)
 ☐ Continuing Feducation (+2)
 ☐ Economic Lowdown (+7)
 ☐ Ella's Adventures (+2)
 ☐ Explore Economics (+3)
 ☐ Fed Explained (+9)
 ☐ Feducation (+4)
 ☐ Financial Fables from the Fed (+4)
 ☐ It's Your Paycheck (+9)




Classroom Economist: Early History of Central Banking
 • 10 minutes • High School
Fiscal and Monetary Policy
[View Details](#)




Classroom Economist: Per Capita GDP
 • 10 minutes • High School
Economic Fluctuations
[View Details](#)



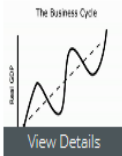
Classroom Economist: The Fed and the Great Depression
 • 15 minutes • High School
Fiscal and Monetary Policy
[View Details](#)




Classroom Economist: Early History of Central Banking
 • 10 minutes • High School
Fiscal and Monetary Policy
[View Details](#)



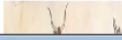
Classroom Economist: Inflation
 • 20 minutes • High School
Fiscal and Monetary Policy, Inflation, Money
[View Details](#)




Classroom Economist: The Business Cycle
 • 10 minutes • High School
Economic Fluctuations
[View Details](#)




Classroom Economist: The Panic of 1907
 • 15 minutes • High School
Fiscal and Monetary Policy
[View Details](#)



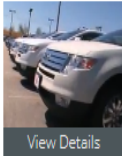
Classroom Economist: Early History of Central Banking
 • 10 minutes • High School
Fiscal and Monetary Policy
[View Details](#)



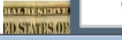
Classroom Economist: Measuring GDP
 • 15 minutes • High School
Economic Fluctuations
[View Details](#)



Classroom Economist: The Creation of the Federal Reserve System
 • 10 minutes • High School
Fiscal and Monetary Policy
[View Details](#)



Classroom Economist: What is GDP?
 • 15 minutes • High School
Economic Fluctuations
[View Details](#)



Classroom Economist: Early History of Central Banking
 • 10 minutes • High School
Fiscal and Monetary Policy
[View Details](#)

My selected resources 1

Edit

Clear

Add to Classroom



Contact Info:

Lesley Mace

Senior Economic and Financial
Education Specialist
Federal Reserve Bank of Atlanta
Jacksonville Branch
lesley.mace@atl.frb.org
www.frbatlanta.org/education

The Free Silver Movement and Inflation

Lesson Plan

The Free Silver Movement and Inflation

Visual 5: Political Cartoon 2



Judge, New York: Judge Publishing Company, 1896; http://www.stlouisfed.org/docs/historical/brookings/16818_06_0001.pdf.

© 2012, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education_resources.

19

Economic History

- Election of 1896: William Jennings Bryan v. William McKinley
- Bryan's *Cross of Gold* speech
- Primary Sources

Economics

- Characteristics of Money
- Money Supply, Inflation, and Deflation
- Inflation Auction
- Price Stability

Active Learning

<https://www.stlouisfed.org/education/the-free-silver-movement-and-inflation>

Constitutionality of a Central Bank

FEDERAL RESERVE BANK OF ST. LOUIS | ECONOMIC EDUCATION

Constitutionality of a Central Bank

Lesson Authors

Mary Suiter, Ph.D., and Scott Wolla, Federal Reserve Bank of St. Louis

Standards and Benchmarks (see pages 17-18)

Lesson Description

The Constitution of the United States outlines the basic principles of the U.S. government. This lesson focuses on the express and implied powers of Congress and the power of the Supreme Court to decide whether a law is unconstitutional. In this lesson, students learn about *McCulloch v. Maryland*, a case decided in 1819 over (1) whether the state of Maryland had the right to tax the Second Bank of the United States and (2) whether Congress had violated the Constitution in establishing the Bank. Students also review the expressed powers of Congress identified in the Constitution and analyze how Congress implements the necessary and proper (elastic) clause to enact its expressed powers. Finally, students use their knowledge of *McCulloch v. Maryland* and the necessary and proper clause to consider the constitutionality of the Federal Reserve System.

Grade Level

8-12

Concepts

Expressed powers
Federal Reserve Act
Fiat money
Implied powers
Necessary and proper (elastic) clause
Precedent
Value of money

© 2012, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education_resources.

1

History / Government

- Constitution / Precedent
- McCulloch v. Maryland (1819)
- Expressed and Implied Powers
- Primary Sources

Economics

- History of Central Banking / Federal Reserve
- Fiat Money
- Money Supply, Inflation, and Deflation
- Price Stability

Active Learning

<https://www.stlouisfed.org/education/constitutionality-of-a-central-bank>

The Arsenal of Democracy: The United States in World War II



Economic History:

- WWII Homefront
- Wartime Propaganda
- FDR's *Arsenal of Democracy* speech

Economics:

- Resource Scarcity
- Opportunity Cost
- PPF
- Economic Growth
- Historical Data

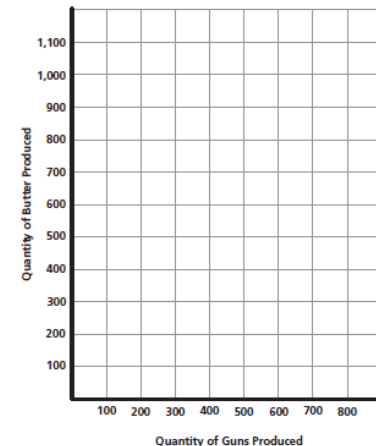
Active Learning

Handout 7: U.S. Spending on Guns versus Butter: 1929-1950

	1	2	3	4	5
Year	Total gross national production (GNP)*	Spending on guns ¹	Guns as a % of GNP	Spending on butter ¹	Butter as a % of GNP
1929	\$709.6	\$18.3	2.58	\$691.3	97.42
1939	\$716.6	\$53.8	7.51	\$662.8	92.49
1940	\$772.9	\$63.6	8.23	\$709.3	91.77
1941	\$909.4	\$153.0	16.82	\$756.4	83.18
1942	\$1,080.3	\$407.1	37.68	\$673.2	62.32
1943	\$1,276.2	\$638.1	50.00	\$638.1	50.00
1944	\$1,380.6	\$722.5	52.33	\$658.1	47.67
1945	\$1,354.8	\$634.0	46.80	\$720.8	53.20
1946	\$1,096.9	\$159.3	14.52	\$937.6	85.48
1950	\$1,203.7	\$116.7	9.70	\$1,087.0	90.30

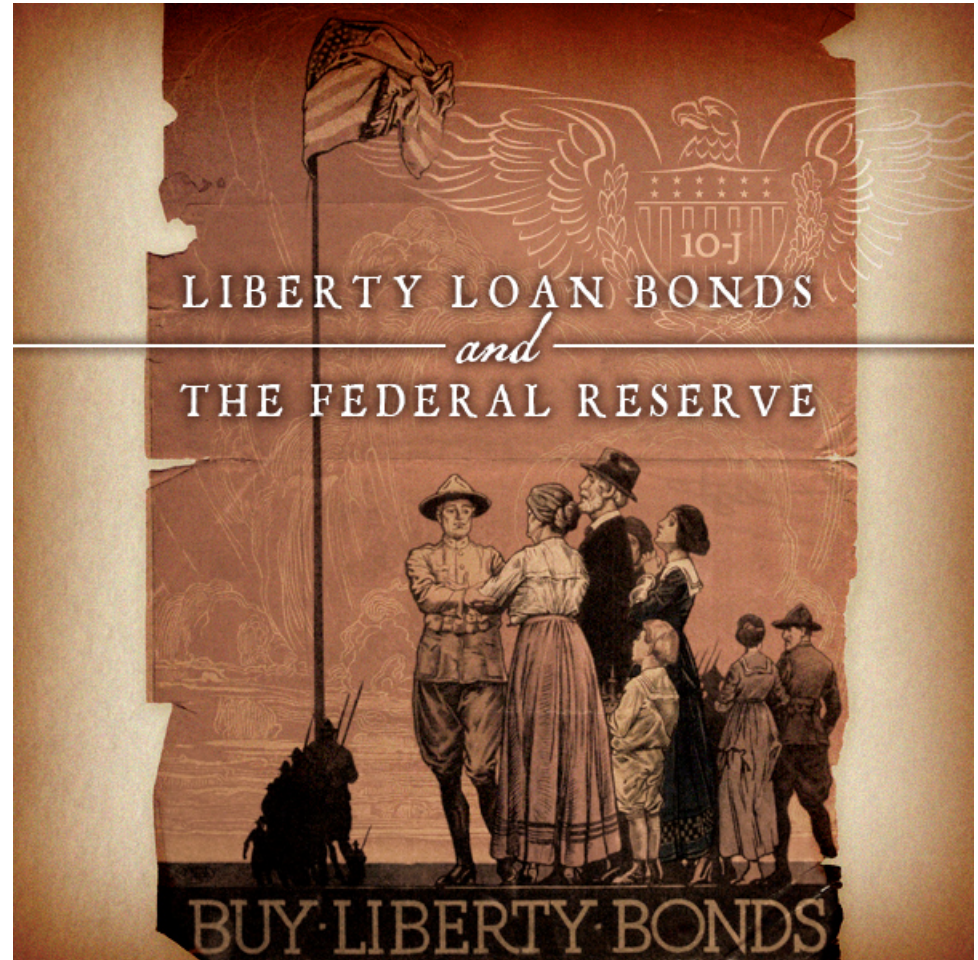
NOTE: *In billions of 1982 dollars. ¹Guns represent total federal purchases of goods and services. ²Butter represents total civilian purchases of goods and services.

SOURCE: Walton, Gary M. and Rockoff, Hugh. *History of the American Economy*, Eleventh Edition. Mason, OH: South-western Cengage Learning, 2010.

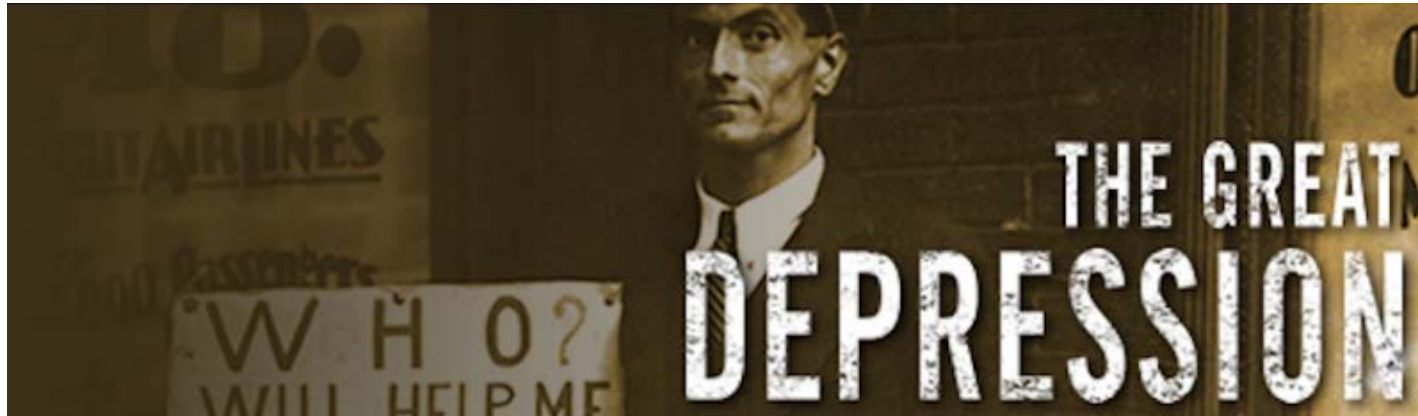


Liberty Loan Bonds and the Federal Reserve

- Students view a Prezi to introduce them to the Federal Reserve and the role it played in helping the U.S. Treasury finance WWI
- Groups of students will be given historical personas of WWI individuals with lifestyle information
- Plan a budget using their persona's income and expenses in that era, with a goal of saving to purchase Liberty Loans to support war effort
- <https://www.kansascityfed.org/education/resources/liberty%20loan%20bonds>



The Great Depression



I once told a colleague, “If you want to understand geology, study earthquakes. If you want to understand economics, study the biggest calamity to hit the U.S. and world economies.” I’m a Great Depression buff the way some people are Civil War buffs—and it’s because the issues raised by the Depression, and its lessons, are still relevant today.

- Ben S. Bernanke

<https://www.stlouisfed.org/education/great-depression-curriculum-unit>

The Great Depression Curriculum Unit

Lesson 1 | Measuring the Great Depression

Handout 1.5: Political Cartoon

Bringing Him Back To Normal



Refer to the political cartoon above to answer the questions that follow.

- A. What images are on the cartoon, and what do they represent?
- B. Write several sentences explaining what this cartoon is depicting. Use relevant economic terms and concepts in your sentences.

Six Lessons:

1. Measuring the Great Depression
2. What Do People Say?
3. What Really Caused the Great Depression?
4. Dealing with the Great Depression
5. Turn Your Radio On
6. Could it Happen Again?

Active Learning

<https://www.stlouisfed.org/education/great-depression-curriculum-unit>

The Great Depression Online

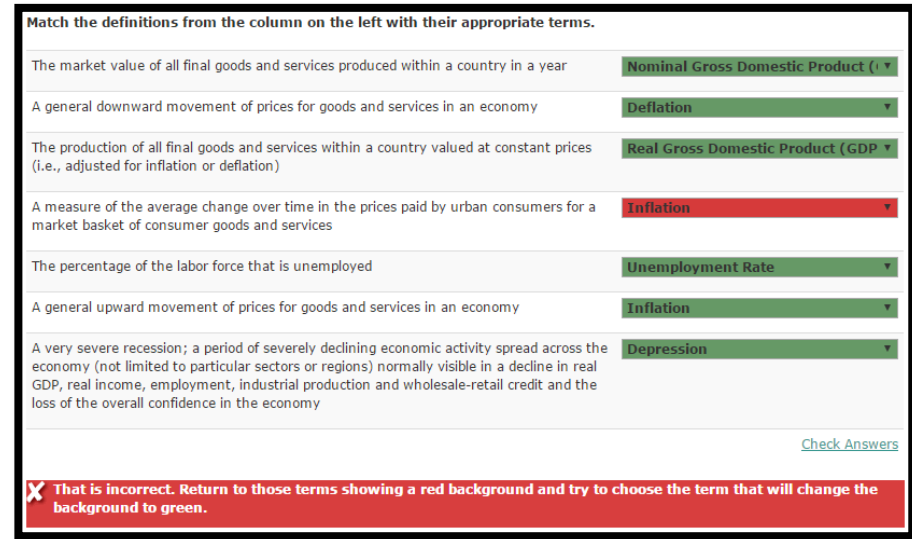
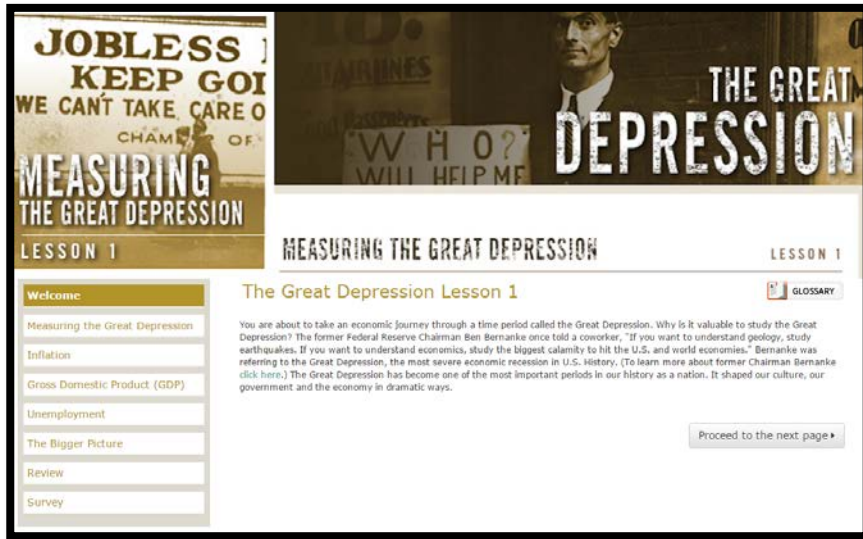


Six Lessons:

1. Measuring the Great Depression
2. What Do People Say?
3. What Really Caused the Great Depression?
4. Dealing with the Great Depression
5. Turn Your Radio On
6. Could it Happen Again?

<https://www.stlouisfed.org/education/great-depression-online-course-for-teachers-and-students>

The Great Depression Online



Features:

- Pre-test and Post-test
- Interactive Knowledge Checks
- Teacher Portal to Track Progress and Access Scores

<https://www.stlouisfed.org/education/great-depression-online-course-for-teachers-and-students>



The Great Depression Website

The Great Depression Video Interviews

The interviews provide students with first-person accounts of life between 1929-1940.



<https://www.stlouisfed.org/the-great-depression>



The Great Depression Website



David Wheelock, vice president and deputy director of Research

Video Lecture, segments include:

- How “Great” was the Great Depression
- What Caused the Great Depression
 - Where Was the Fed?
- What Caused the Recovery?
 - Lessons Learned

<https://www.stlouisfed.org/the-great-depression>

Page One Economics

The Great Inflation: A Historical Overview and Lessons Learned

Would a Gold Standard Brighten Economic Outcomes?

Then and Now: Fed Policy Actions During the Great Depression and Great Recession

PAGE ONE ECONOMICS
NEWSLETTER
the back story on front page economics
October • 2012

The Great Inflation: A Historical Overview and Lessons Learned

David A. Lopez, Senior Research Associate

"There is no independent central bank; it does not simply advocate a low level of inflation or...

PAGE ONE Economics
NEWSLETTER
the back story on front page economics
January • 2015

Would a Gold Standard Brighten Economic Outcomes?

Scott A. Wolla, Senior Economic Education Specialist

"It gets dug out of the ground in Africa, or some place. Then we melt it down, dig another hole, bury it again and pay people to stand around guarding it."

Liber8[®] Economic Information Newsletter
Brought to You by the Research Library of the Federal Reserve Bank of St. Louis
November 2011

Then and Now: Fed Policy Actions During the Great Depression and Great Recession

"Regarding the Great Depression, you're right, we did it. We're sure only... not sure if it again."
—Federal Reserve Chairman Ben S. Bernanke, November 8, 2002

Any mention of the Great Depression conjures up images of unemployed masses queuing in bread lines and frantic crowds trying to withdraw money from banks. And yet these illustrations tell only part of the story. The **Great Depression** was undoubtedly the most severe economic downturn in the United States and caused untold suffering among millions. To contextualize it, national output fell by about 33 percent and consumer prices plummeted by over 25 percent between 1929 and 1933, one of four worst years of unemployment by 1933. The resulting protracted slump only ended at the onset of World War II.¹ In contrast, during the Great Recession of 2007-09, national output fell by only 3 percent, consumer prices increased by 1 percent, and unemployment peaked at 10.1 percent.

Scholars have posited a variety of causes for the Great Depression, and the role of central banks in exacerbating the crisis has emerged as a key point. This article thus considers (i) how Federal Reserve policies during the Great Depression weakened economic conditions and (ii) how policymakers used the **lessons learned** from the Depression to stabilize the economy during the Great Recession.

Federal Reserve actions in the run-up to the Great Depression were important in hastening the decline in economic conditions. The speculative effects of the stock market boom in 1929-29 caused the Fed to increase interest rates to curtail the "bullish mood."² While this policy action dampened excessive borrowing to finance stock purchases, it also brought unintended consequences. Capital spending (e.g., for equipment and infrastructure) slowed dramatically in many sectors of the economy, leading to a drop in industrial production and output growth. The infamous stock market collapse in October 1929 finally ground the economy to a halt, and the Depression hit with full force soon after.

In the early 1930s, continued policy missteps by the Fed significantly lengthened the Depression. Specifically, the Fed failed to prevent four massive banking panics from hampering the economy in 1930-33. On each occasion, anxious depositors descended on banks to withdraw cash because the public had lost confidence in the ability of financial institutions to service deposit obligations. Due to fractional banking procedures,³ banks did not have enough cash on hand to meet this increased demand. The Federal Reserve, in a prime position to limit the fallout by providing emergency funds to banks in the **latter half of last century**, was in a prime position to limit the fallout by providing emergency funds to banks under distress. However, Fed policy at that time dictated that only banks with sufficient collateral could borrow from the Federal Reserve System were eligible for those funds. Consequently, cash-starved banks failed in large numbers.

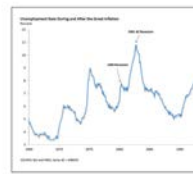
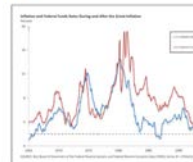
¹ As determined by the National Bureau of Economic Research, the Great Depression officially lasted from August 1929 to March 1933. Although output rebounded significantly from 1933-37, the effects of the Depression lingered throughout the 1930s and the economy only returned to full employment when the United States entered World War II.

² As determined by the National Bureau of Economic Research, the Great Recession lasted from December 2007 to June 2009.

³ Fractional reserve banking is a system where banks hold a portion of their deposits (cash) in vaults or at the Federal Reserve and use the remaining cash for lending activities.

The views expressed are those of the author and do not necessarily reflect the official positions of the Federal Reserve Bank of St. Louis, the Federal Reserve System, or the Board of Governors.

PAGE ONE ECONOMICS
NEWSLETTER
the back story on front page economics



Form for "The Great Inflation: A Historical Overview and Lessons Learned" with sections for "Inflation Basics" and "What is inflation?"

1. Inflation Basics

What is inflation?

How is inflation measured?

What is the inflation rate?

What level of inflation is consistent with price stability?

2. How did the inflation rate change between 1965 and 1980?

3. How do many economists explain the increase in the inflation rate during the Great Inflation?

4. Describe the drastic measures used by Chairman Paul Volcker and the FOMC to promote price stability.

Form for "Then and Now: Fed Policy Actions During the Great Depression and Great Recession" with sections for "Inflation Basics" and "What is inflation?"

Teacher's Guide

Federal Reserve Bank of St. Louis Page One Economics Newsletter
"The Great Inflation: A Historical Overview and Lessons Learned"

After reading the article, answer the following questions.

1. Inflation Basics

What is inflation?

How is inflation measured?

What is the inflation rate?

What level of inflation is consistent with price stability?

2. How did the inflation rate change between 1965 and 1980?

3. How do many economists explain the increase in the inflation rate during the Great Inflation?

4. Describe the drastic measures used by Chairman Paul Volcker and the FOMC to promote price stability.

The Acceleration of the Great Migration, 1916-17

FEDERAL RESERVE BANK OF ST. LOUIS | ECONOMIC EDUCATION

The Acceleration of the Great Migration, 1916-17

Lesson Author

Eva Johnston, Federal Reserve Bank of St. Louis

Standards and Benchmarks (see page 26)

Lesson Description

Students work in groups to examine excerpts from primary source documents. They identify social and economic factors affecting specific categories of people when the Great Migration accelerated in 1916 to 1917: black migrant workers from the South, southern planters, southern small-farm farmers, northern industrialists, agents, and white immigrant workers in the North. Each student group creates a "perspectives page" to post for a gallery walk where students analyze the causes of the Great Migration and the changes it brought to both the North and South. Students also discuss the specific economic factors that influenced the Great Migration: scarcity, supply, demand, surplus, shortage, and opportunity cost. Using the PACED decisionmaking model, they analyze the alternatives and criteria of potential migrants.

Compelling Question

Why did African Americans migrate to the North in unprecedented numbers in 1916-17?

Grade Level

8-12

Concepts

Demand
Factors of production (natural resources, labor, capital resources)
Human capital
Opportunity cost
Scarcity
Shortage
Supply
Surplus

econlowdown™

© 2016, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.

1

This lesson features:

- Multiple Perspectives
- Primary Source Documents
- Analysis of Economic and Social Forces
- Gallery Walk

Economics Concepts:

- Scarcity
- Labor Market Supply and Demand
- Human Capital
- PACED Decision-making Model

Active Learning

<https://www.stlouisfed.org/education/acceleration-of-great-migration>

Learn more about FRASER next week:



***FRASER in the Classroom: Teach U.S. History Using
Primary Documents***

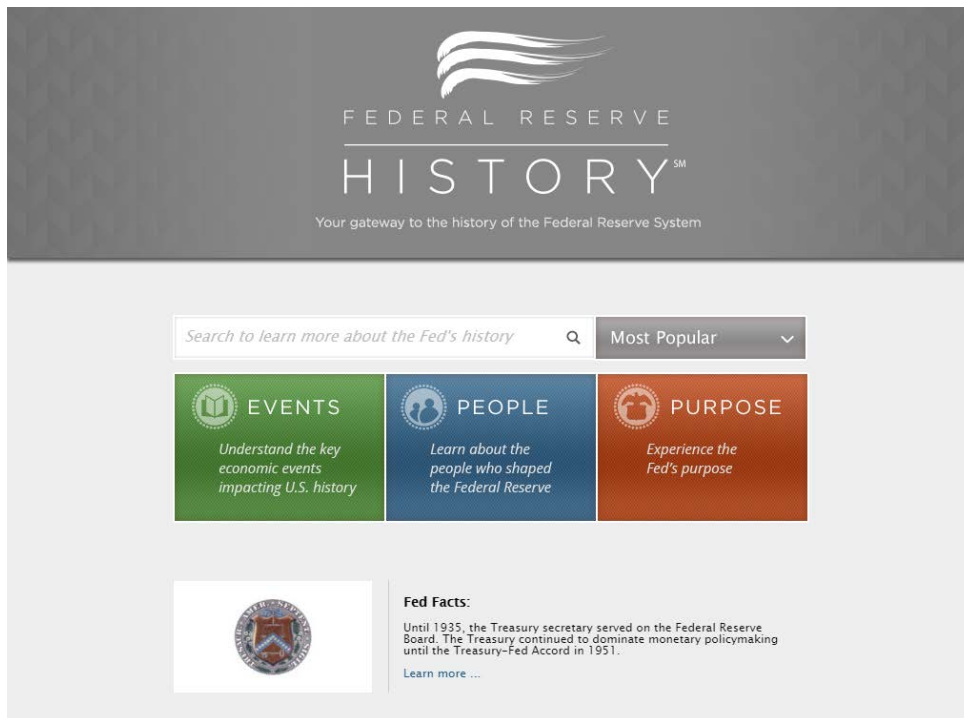
***Wednesday, Oct. 19, 2016
3-4 p.m. CT | 4-5 p.m. ET***

The webinar is free, but registration is required
by **Oct. 18.**

<https://www.stlouisfed.org/events/2016/10/ee-fraser>

Commemorating 100 Years: Lesson Plans from the Fed's Centennial

In 2013, the Federal Reserve marked 100 years as the nation's central bank. Three classroom-ready lessons can help high school students understand Fed history, functions and roles.



1. **Defining Moments in Federal Reserve System History: 1907-1935**
2. **The Federal Reserve System Shuffle: 1945-1987**
3. **The Modern Federal Reserve System: Changes and Trends in Federal Reserve Functions**

<https://www.federalreserveeducation.org/centennial>



Contact Info:

Scott Wolla, Ph.D.

Senior Economic Education Specialist

Federal Reserve Bank of St. Louis

scott.a.wolla@stls.frb.org

www.stlouisfed.org/education

