



THE MONEY CIRCLE

THEME ONE: INTERPRET THE HISTORY, FUNCTIONS AND CHARACTERISTICS OF MONEY

LESSON TITLE:

Theme 1, Lesson 2: Evolution of Money

Lesson Description:

This lesson helps students understand the history of money and its role in our nation's past. Students will view examples of various forms of currency through an interactive website, read informational text about the notes and discuss identifying characteristics of currency over time. To demonstrate knowledge, students will complete a chart that summarizes the evolution of currency in the United States and further research a specific era relative to currency to complete an essay.

Grade Level: 9-12

Key Concepts: Money, evolution of money, currency, exchange

Objectives: Students will be able to:

1. Identify the primary currency designs of significant historical eras
2. Explain how money has evolved over time by noting characteristics and changes in currency designs
3. Research an era to find how its history affected the currency design of the period

Time Required: Two 50- to 60-minute sessions, with outside research

Materials:

- Visual 1
- Visual 1 Answer Key
- Access to American Currency Exhibit website for viewing by the entire class: <http://www.frbsf.org/currency/index.html>
- Handout 1; one for each student
- Handout 1 Example
- Handout 2; one for each student
- Handout 3; one for each student

Procedures:

DAY 1

1. To begin the lesson, share Visual 1 and ask students the following questions:
 - Can you identify these images? (*Answers may vary. Use Visual 1 Answer Key to gauge accuracy of responses.*)
 - Where do we see these images in American culture? (*Answers will vary. Possible answers may include in history books, on buildings, or on currency.*)
 - Do any of these images appear to be something we might see in the 21st century? (*Answers will vary. Possible answers may include the pyramid or images of seals.*)
2. Using the American Currency Exhibit website, <http://www.frbsf.org/currency/index.html>, view the sections listed below followed by the guiding questions. Distribute Handout 1, The Evolution of Currency, for students to take notes regarding each currency, its characteristics and how it changed.

Teacher note: The American Currency Exhibit website home page lists the eras typically referred to in studying the history of U.S. currency. Some of these eras are tied to historical events while others are related to other influences, such as economic conditions during a time in American history. The site provides additional learning opportunities beyond what is discussed here. An example for Handout 1 is provided for teacher reference.

3. Go to the Colonial and Continental Currency page and ask students to read the introductory text above the currency for background. At the bottom of the page, have students look at the bills. A description of each bill can be seen when you hover your mouse over it or click on it. Ask the following questions:
 - How are the bills similar? (*Answers will vary. Students may suggest similarity in color, size, use of British denomination, and use of seal.*)

- How do they differ? (*Answers will vary. Differences may include denomination amount, images used, and years printed.*)
4. Hand out a copy of Handout 2 to each student and ask them to read this informational text about colonial currency and be prepared to respond to the following questions:
 - After the English colonists arrived in America, how did the British and colonists seek to benefit from each other? (*Britain hoped that its colonists would contribute revenue and stimulate industrial growth by providing both raw materials and markets for British mercantile expansion. In return, the colonists would be protected by British arms and civilized by British rule.*)
 - What were the issues with the coinage in circulation at this time? (*There were not enough coins in circulation to sustain commerce and the demand for silver was greater than the supply.*)
 - How did colonists respond to the fluctuating value of coins in order to facilitate commerce? (*Middle colonies of Pennsylvania, New Jersey, Delaware and eventually Maryland agreed to mutually set rates in order to facilitate commerce throughout the region.*)
 5. Ask students to add information on Colonial Currency to Handout 1.
 6. Go to the Early Banking in the United States page and the Broken Bank Notes and Wildcat Issues page. Have students read the introductory text above each section for background. These sections explain the adoption of the dollar as the unit of measure. Ask students to speculate why paper currency might eliminate confusion and facilitate commerce.
 7. Ask the following question:
 - What changes in currency design do you notice in these two eras? (*Answers will vary. Possible answers may include more symbolism, additional color, wide variety of issuing banks and other organizations.*)
 8. Ask students to add the Early Banking and Wildcat Issues information to Handout 1.

Teacher note: For additional student reading about the first and second banks and the free banking period afterward, additional publications are available through www.philadelphiafed.org/education/ (*The First Bank of the United States, the Second Bank of the United States and the State and National Banking Eras*).

9. Go to the next section of the website for a look at Confederate, Fractional and Demand currency. Use the same techniques as above to explore the notes. Ask students the following question:
 - What further evolution of currency design do you notice? (*Answers will vary. Students may suggest the use of more political portraits, the use of "Confederate States" on bills, and more elaborate symbols.*)
10. Ask students to add the Confederate, Fractional and Demand currency information to Handout 1.
11. Ask students to ensure their name is on Handout 1 and collect it for further use on Day Two of the lesson.

DAY 2

12. Pass Handout 1 back to students. As review, ask them to share which era's currency design they think showed the most significant change in design as compared to the periods studied thus far.
13. Distribute Handout 3 to the class and ask students to read more about both Fractional and Demand notes. Ask students to add additional information about Fractional and Demand currency to Handout 1 based on the reading.
14. Go to the Industrial Revolution era pages to view Legal Tender and National Bank Notes. Ask students how overall characteristics of the notes in this era differ from previous time frames. Tell students to read the background information on these notes on the web page. Ask students the following:
 - How has currency evolved during this era? (*Possible answers may include that this was the first national currency, the denominations and design are becoming more standard.*)
15. Ask students to add the Legal Tender and National Bank Notes information to Handout 1.
16. View the Metal Standards era currency, Gold and Silver Certificates and Treasury Coin Notes. Tell students to read the background information on these notes on the web page. Ask students the following question:
 - What are the changes in currency design that were made in this era? (*Possible answers may include that the metal standards added gold and silver certificates to the mix; the overall design is becoming more standardized.*)

17. Tell students to add information on the currency of this era to Handout 1.

18. Go to the National Stability and World Standard era pages to view early and current Federal Reserve Notes. Tell students to read the background information on these notes on the web page. Ask students the following question:

- What new changes did you notice in the currency designs of this era? (*Possible answers might be that the currency looks much more uniform in color size and overall features, with presidential portraits in the middle, etc.*)

19. Tell students to add information on the currency of these final eras to Handout 1.

Closure:

20. Review the lesson by asking the following questions:

- What are some of the primary currency designs related to the U.S. historical eras discussed? (*Colonial, Continental, Fractional, Demand, Confederate, Legal Tender, National Bank, Gold and Silver Certificates, Federal Reserve Notes*)
- What are some reasons why currency has evolved throughout history? (*Possible answers may include war, bank panics, change from state to national issues, metal shortages, etc.*)
- What are some currency features that remained fairly standard (the same) throughout history? (*Possible answers may include paper used for currency, use of cultural images, issue dates given, etc.*)

Assessment:

21. Assign or let students select a key era in the evolution of money. Ask students to research the historical time period and how the currency design reflects the events or historical influence on the currency of the time. Possible websites for research include:

- Bureau of Engraving and Printing - <http://www.moneyfactory.gov/historicalcurrency.html>
- NewMoney.Gov - <http://www.newmoney.gov/uscurrency/history.htm>
- U.S. Treasury - <http://www.treasury.gov/connect/blog/Pages/US-Currency-Brief-History-Part-1.aspx>
- History Channel - <http://www.history.com/news/8-things-you-may-not-know-about-american-money>

22. Ask students to use their research to develop a Power-Point or Prezi, detailing the era, its effects on currency design in that period and the rationale for changes to currency.

Teacher Note: The assessment should be based on inclusion of at least three significant factors that influenced the history of currency in that era, an accurate account of historical/political influences and accuracy in representing the rationale for changes.

Alignment to Standards:

National Voluntary Economic Content Standards:

- Standard 11: Money and Inflation: Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.

Common Core Standards:

Reading Informational Text:

• Key Ideas and Details:

- CCSS.ELA-Literacy.RI.9-10.1 Cite strong and thorough textual evidence to support analysis of what the text says explicitly as well as inferences drawn from the text.
- CCSS.ELA-Literacy.RI.11-12.1 Cite strong and thorough textual evidence to support analysis of what the text says explicitly as well as inferences drawn from the text, including determining where the text leaves matters uncertain.

Writing

• Text Types and Purposes:

- CCSS.ELA-Literacy.W.9-10.1 Write arguments to support claims in an analysis of substantive topics or texts, using valid reasoning and relevant and sufficient evidence.
- CCSS.ELA-Literacy.W.9-10.2 Write informative/explanatory texts to examine and convey complex ideas, concepts and information clearly and accurately through the effective selection, organization and analysis of content.
- CCSS.ELA-Literacy.W.11-12.1 Write arguments to support claims in an analysis of substantive topics or texts, using valid reasoning and relevant and sufficient evidence.
- CCSS.ELA-Literacy.W.11-12.2 Write informative/explanatory texts to examine and convey complex ideas, concepts and information clearly and accurately through the effective selection, organization, and analysis of content.

• Research to Build and Present Knowledge:

- CCSS.ELA-Literacy.W.9-10.8 Gather relevant information from multiple authoritative print and digital sources, using advanced searches effectively; assess the usefulness of each source in answering the

- research question; integrate information into the text selectively to maintain the flow of ideas, avoiding plagiarism and following a standard format for citation.
- CCSS.ELA-Literacy.W.9-10.9 Draw evidence from literary or informational texts to support analysis, reflection and research.
 - CCSS.ELA-Literacy.W.11-12.8 Gather relevant information from multiple authoritative print and digital sources, using advanced searches effectively; assess the strengths and limitations of each source in terms of the task, purpose, and audience; integrate information into the text selectively to maintain the flow of ideas, avoiding plagiarism and overreliance on any one source; and following a standard format for citation.
 - CCSS.ELA-Literacy.W.11-12.9 Draw evidence from literary or informational texts to support analysis, reflection, and research.

AMERICAN CULTURE IMAGES



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AMERICAN CULTURE IMAGES ANSWER KEY

- 1.** Sioux Chief Running Antelope is the only Native American whose portrait is featured on American currency. Portraying the chief in a Pawnee headdress, rather than his Sioux tribal headdress, created a political scandal. The Pawnee and Sioux tribes considered the depiction insensitive and inaccurate.
- 2.** Since 1929, monuments have appeared on the back of most U.S. currency. Sometimes the monuments depicted relate to the portrait on the front of the bill. The current \$5 bill has a portrait of Abraham Lincoln on the front and a picture of the Lincoln Memorial on its reverse side. The \$10 bill has a picture of Alexander Hamilton, the first secretary of the Treasury, on its front side and a view of the Treasury building on the back. Benjamin Franklin appears on the front of the \$100 bill, and Independence Hall in Philadelphia, where Benjamin Franklin lived, is on the back.
- 3.** Images of both war and peace are represented on the official seals and currency of the United States. The eagle on the Great Seal of the United States has the arrows of war in one of its talons and the olive branch of peace in the other.
- 4.** The four major agricultural products in Colonial America—corn, cotton, wheat, and tobacco—all appear on currency.
- 5.** The Great Seal of the United States appears on the back of the current \$1 note. Although it's not generally known, the horizontal lines across the top of the shield are meant to represent Congress. The unattached shield lying across the eagle's breast is not an engraver's mistake; rather, it is purposely designed to express the idea that America can rely upon its own virtues without help from anyone.
- 6.** Many historic events have been incorporated into the design of America's currency. Some of these events include the Pilgrims embarking on their journey and landing at Plymouth Rock, General George Washington crossing the Delaware and the signing of the Declaration of Independence.
- 7.** Liberty has been depicted as a fierce protector with a sword as well as a gentle creature of peace holding an olive branch. She is at times accompanied by eagles, flags and even an altar on one bank note.
- 8.** A pyramid, a symbol of permanence and strength. The unfinished pyramid represents striving toward growth. The eye represents an all-seeing deity and places the spiritual above the material. At the pyramid's base, 1776 appears in roman numerals. The motto "Annuit Coeptis" translates to "He [God] Has Favored Our Undertakings." "Novus Ordo Seclorum" is translated as "A New Order of the Ages" and signifies the beginning of the New American Era.
- 9.** Sometimes called the "horn of plenty," the cornucopia appears in the corners and on the edges of many bank notes. It is the proud symbol of the nation's prosperity and good fortune.

THE EVOLUTION OF CURRENCY

CURRENCY TYPE/ERA	CHARACTERISTICS	CHANGES
COLONIAL CURRENCY		
EARLY BANKING IN THE U.S.		
WILDCAT ISSUES		
CONFEDERATE CURRENCY		
FRACTIONAL CURRENCY		
DEMAND CURRENCY		
LEGAL TENDER		
NATIONAL BANK NOTES		
TREASURY COIN NOTES		
GOLD AND SILVER CERTIFICATES		
FEDERAL RESERVE NOTES		

THE EVOLUTION OF CURRENCY EXAMPLE (PAGE 1 OF 2)

CURRENCY TYPE/ERA	CHARACTERISTICS	CHANGES
COLONIAL CURRENCY	<ul style="list-style-type: none"> • First issued in 1690 • Usually denominated in Spanish Milled Dollars and British shillings, pounds, and pence • In 1764, the British declared Colonial currency illegal 	<ul style="list-style-type: none"> • Square/rectangular in design with text in black or red • Designs include border images
EARLY BANKING IN THE U.S.	<ul style="list-style-type: none"> • Dollar adopted as unit of national currency in 1785 • First and Second Banks of the U.S. chartered in 1790 and 1816 respectively, 20 year charter each • Issued paper notes and served as U.S. Treasury fiscal agent • President Andrew Jackson vetoed the re-charter of the Second Bank 	<ul style="list-style-type: none"> • Designs featured buildings primarily and monochromatic color
WILDCAT ISSUES	<ul style="list-style-type: none"> • Free Banking Era (1837-1866) • Paper money issued by anyone • "Wildcat" referred to remote locations of some banks • When a bank, store, etc. failed, their currency became worthless 	<ul style="list-style-type: none"> • Varied designs, colors, fonts, images, etc.
CONFEDERATE CURRENCY	<ul style="list-style-type: none"> • Issued by Confederacy (1861-1865) to Southerners expecting victory in the Civil War • Some Northerners also printed and circulated the currency to devalue it • By the end of the war, Confederate notes were worthless 	<ul style="list-style-type: none"> • Designs featured portraits, war images, also varied in color

THE EVOLUTION OF CURRENCY EXAMPLE (PAGE 2 OF 2)

CURRENCY TYPE/ERA	CHARACTERISTICS	CHANGES
FRACTIONAL CURRENCY	<ul style="list-style-type: none"> • Need for metals in Civil War led to paper currency to replace coins • \$.03 - \$.50 denominations • Not needed after the Civil War 	<ul style="list-style-type: none"> • Small in size with portraits as main design feature
DEMAND CURRENCY	<ul style="list-style-type: none"> • First paper currency from U.S. Treasury • Also known as greenbacks • Redeemable in coin on demand • Primarily issued to finance the Civil War • Congress retired Demand notes in 1862 	<ul style="list-style-type: none"> • Green color with images of American culture in design
LEGAL TENDER	<ul style="list-style-type: none"> • Also known as U.S. Notes • First national currency used as legal tender for most public and private debt 	<ul style="list-style-type: none"> • Bold U.S. lettering, portraits and images of America
NATIONAL BANK NOTES	<ul style="list-style-type: none"> • Made up mostly of paper currency distributed between Civil War and World War I 	<ul style="list-style-type: none"> • Design included lots of text tied to specific cities and included seals
TREASURY COIN NOTES	<ul style="list-style-type: none"> • Issued with passage of The Treasury Note Act of 1890 	<ul style="list-style-type: none"> • Design featured portraits and large denomination text
GOLD AND SILVER CERTIFICATES	<ul style="list-style-type: none"> • Offered in exchange for deposits of gold and silver • Gold Reserve Act of 1934 required Federal Reserve Banks to turn over all gold in exchange 	<ul style="list-style-type: none"> • Design included gold coloring/ lettering and seal
FEDERAL RESERVE NOTES	<ul style="list-style-type: none"> • Sole currency issued today • Ranged in denominations from \$5 - \$10,000 originally; now up to \$100 	<ul style="list-style-type: none"> • Portraits are key part of design with text at top and bottom and symbols on sides

THE COMPARATIVE VALUE OF MONEY BETWEEN BRITAIN AND THE COLONIES

When the English colonists arrived in America they naturally continued to use the monetary units of Britain, namely the pound, shilling and pence. This appeared to be a simple transplantation of economic units, but due to British colonial policy the situation became quite complex. Basically, British policy was guided by the supposition that its colonies would contribute revenue and stimulate industrial growth by providing both raw materials and markets for British mercantile expansion. In return, the colonies would be protected by British arms and civilized by British rule. Toward this end parliament enacted laws prohibiting the export of British silver coinage as it was thought the colonies should be providing Britain with precious metals rather than draining them away. The result of this policy was that British silver coins were quite scarce in the North American colonies.

This problem adversely affected local commerce and forced - colonists to use foreign coins, primarily Spanish American silver produced in Mexico and Peru. As there were not enough of these coins in circulation to sustain commerce, the first colonists turned to barter transactions as well as the use of wampum and commodity monies like tobacco as mediums of exchange. However, these substitutes were not acceptable to British exporters providing colonial merchants with British goods. Colonial merchants needed to pay British exporters in silver, resulting in a severe drain on an already scarce commodity. As the demand for silver coinage far exceeded the available supply, silver coins traded at a premium.

Further, except for the Boston mint of 1652-1682, the colonies did not produce any significant quantity of coinage. Rather, in colonial America, most silver coinage in circulation came from Spanish America, Spain, the Netherlands, the German States, France and other foreign countries. The colonial exchange rate of the Spanish dollar and other silver coins continued to fluctuate based on the legislated rates in the colonies. Generally, colonial rates fluctuated upward through about 1750. The Middle colonies of Pennsylvania, New Jersey, Delaware and eventually Maryland agreed to mutually set rates in order to facilitate commerce throughout the region.

*Source: Colonial Currency website, A Project of the Robert H. Gore, Jr. Numismatic Endowment
University of Notre Dame, Department of Special Collections, <http://www.coins.nd.edu/ColCurrency/CurrencyIntros/IntroValue.html>*

FRACTIONAL CURRENCY AND DEMAND NOTES

FRACTIONAL CURRENCY

In the early stages of the Civil War period, the public chose to hold on to coins because of their value as precious metal. The result was a shortage of available coins for circulation. To remedy the situation, the congressional act of July 17, 1862 (12 Stat. 592), authorized the use of postage and other stamps for paying debts to the U.S. Government. This created a shortage of postage stamps. To fix this new problem, notes in denominations of less than \$1 were issued, although these were never authorized by legislation. Such notes were known as postage notes or Postage Currency because their designs were taken from existing postage stamps. Later issues of notes in denominations under \$1 had designs more in keeping with the appearance of currency notes. These issues were known as Fractional Currency and were authorized under the congressional act of March 3, 1863 (12 Stat. 709). In all, there were five issues of Fractional Currency of varying denominations from 3 cents to 50 cents authorized between 1862 and 1876.

DEMAND NOTES

Demand Notes represented the first general circulation of paper currency notes by the U.S. Government. Issued in 1861 and 1862 as a way to pay for goods and services related to Civil War costs, the notes were essentially Government IOUs and were called Demand Notes because they were payable “on demand” in coin at certain Treasury facilities. They were also popularly known as “greenbacks” because of the color ink used to print the backs.

Printed by a private company, Demand Notes were sent to the Treasury in sheets of four notes each, where dozens of clerks and laborers signed, separated, and trimmed them by hand before issuance. The notes did not have a Treasury Seal, nor were they signed by the actual Treasury officials listed on the note but rather by designated Treasury employees. Demand Notes were supplanted by United States Notes in 1862.

Source: Bureau of Engraving and Printing Currency Notes