



FEDERAL RESERVE BANK  
OF PHILADELPHIA

## Why Money?

By Bonnie T. Meszaros

*A lesson to accompany the  
“Money in Motion” Exhibit*

### Introduction

Barter is the direct exchange of goods and services without the use of money. For barter to occur there must be a double coincidence of wants. That is, a person who wants to trade something must find a trading partner who has what he wants and wants what he has. This means of exchanging goods and services is time consuming, greatly restricts economic activity, and limits specialization. The use of money alleviates these problems. For money to be useful it must function as a unit of account, store of value, and a medium of exchange. To be a good medium of exchange, money must also be portable, divisible, durable, scarce, acceptable, and stable in value.

### Grades

6-8

### Concepts

Money

Barter

Coincidence of Wants

Commodity Money

Representative Money

Fiat Money

Characteristics of Money

Functions of Money

### Content Standards

National—Content Standards 5 and 11

Delaware—Economics Standards: Standards 2 and 3, grades 6-8

Pennsylvania—Academic Standards in Economics 6.2.6

New Jersey—Social Studies Standards: Standard 6.5

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## Pre-Visit

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### Lesson Description

Students participate in a trading simulation to learn about barter and the benefits of using money. Working in pairs, students receive information cards on different forms of money used during U.S. history and identify specific problems with each.

### Objectives

Students will be able to:

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1. Define barter and commodity money.
2. Explain the problems with barter and commodity money.
3. Define the characteristics and functions of money.

### **Time Required**

60 minutes

### **Materials**

Visual 1

Visual 2, one for display and one copy per student

Activity 1, one copy cut apart for each group of 10 students

Activity 2, cut apart, one per student.

Activity 3, one copy cut apart

### **Procedure**

1. Tell students they are going to participate in a trading simulation. Divide students into groups of 10. Extra students should be paired with students already assigned to a group.
2. Distribute Activity 1 to each group. Each student in the group will receive one card from Activity 1. Tell students that the top half of the card tells them what they have to trade and the bottom half tells what they want. Instruct them to tear the top from the bottom along the dotted line and to write their names on the back of each piece.
3. Inform groups they are only to trade with members of their group, and once every member has what he wants, the group members are to return to their seats.
4. Allow the groups time to trade. Time how long it takes the students to obtain what they want.
5. Discuss the following:
  - a. What problems did you have obtaining the item you wanted? (*It was difficult to find the person who had what you wanted. It was confusing and took time.*) Point out that for barter to occur there must be a **coincidence of wants**. The person who has what you want must also want what you have.
  - b. Did anyone make more than one trade? Why did you do this? (*Some may trade for something not wanted in hopes of finding someone who would want the item and have what they wanted.*)
  - c. What would make trading easier? (*money*)

6. Ask group members to return the cards so individuals have their original two cards.
7. Distribute one money card, Activity 2, to each student.
8. Explain that this time students will use the money card to get what they want as stated on their new card. There will be no bartering. Inform students that the price of each good is one money card. Remind them to trade only with members of their group and to return to their seats when everyone in the group has traded for what they want.
9. Allow the groups time to trade. Time how long students take to obtain what they want using money.
10. Discuss the following:
  - a. Which round was easier? (*money round*) Why? (*Everyone was willing to take money.*)
  - b. Which round took less time? (*money round*) Why? (*Everyone was willing to take money.*)
  - c. Why are people willing to accept money in exchange for goods and services? (*They can use the money to buy other goods and services.*)
  - d. What is money? (*Anything that is generally accepted in exchange for goods and services.*)
11. Display Visual 1. Tell students that **barter**, trading without money, is one means of exchange colonists used to obtain the goods and services they needed. They also used **commodity money**. Explain that commodity money is a medium of exchange that is an actual good generally accepted because it has value as a good and as money.
12. Tell students they are going to learn about many different types of money used throughout early U.S. history.
13. Divide the students into groups of two or three. Distribute one card from Activity 3 to each group. Tell students each card reports on a form of commodity money used in the colonies. They are to read the card and determine any problems commodity money created for the colonists.
14. Display Visual 2 and distribute a copy of Visual 2 to each student. Have each group report to the class, giving the item or items used as commodity money and the problem it created. As they report, record the information on Visual 2, and ask students to record the information on their copies of the retrieval charts.

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Answers and additional questions:

Card 1—no commodity money—barter restricted trade. What does restricted trade mean? (*People couldn't get as many goods and services as they wanted.*)

Card 2—musket balls—no one had to accept more than 48 musket balls. What problems did the musket ball law create? (*It restricted the size of the trade that was possible using musket balls, and they were heavy to carry around.*)

Card 3—farm commodities such as wheat, rye, peas, and Indian corn used for taxes—not all commodities were valued the same. Why would this create a problem? (*It was confusing because a bushel of different commodities had different values. People would have to keep track of those different values when making transactions.*) Point out to the students that the value of different commodities could and were changed from time to time, particularly if the amount of the commodity in the economy increased or decreased significantly. Also point out to the students that the goods listed on the card will not last forever. Why would this create a problem? (*The commodities would eventually lose their value.*)

Card 4—cord of boards, wheat, and peas—value of the products changed. Why would this be a problem? (*It makes it difficult to make buying and selling decisions when prices and rates of exchange vary over time.*)

Card 5—commodities such as barley, peas, Indian corn, and butter used to pay taxes. Each commodity is valued differently. Commodities used to buy private goods were discounted. Explain to students that public goods are provided by government using tax dollars. Private goods are provided by businesses to those individuals who can afford to pay for them. What problems were created? (*It was difficult to keep up with which items were valued at what price.*) What were these commodities used as money called? (“pay as money”)

Card 6—wheat, beef, butter, corn, pork—arguments over the quality of goods being used as commodity money. These were often of lesser quality, and better quality goods were used or sold by the owners.

Card 7—cattle and other commodities used to pay taxes—taxpayers had to bring commodities to the colonial treasury in Boston. How did Massachusetts help taxpayers? (*Passed a law that allowed taxpayers to rest their cattle on open land in Boston when the cattle were being used to pay taxes. This meant they did not have to pay for storage.*)

Card 8—wheat, barley, cows, peas—paid to the local deputy and he was required to store the items in his barn. What potential problems could this cause? (*The commodities could spoil.*)

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Card 9—various commodities used to pay taxes—taxpayers had to bring commodities into the city. How did Connecticut help taxpayers with their transportation costs? (*Gave them money depending on the distance they traveled.*)

Card 10—tobacco—tobacco was declared official currency in Virginia but rate varied based on quality: 3 schillings per pound for top quality and 1 shilling 6 pence for second quality leaves. Tobacco was used to pay the sheriff, and the number of pounds varied depending on the task he performed.

Card 11—Tobacco used as money—problems of packing barrels with poor leaves on the bottom and the best quality leaves on top. What problem would this create? (*Not all leaves were of equal value in the marketplace.*)

Card 12—iron nails—nails were scarce; houses were burned down to get nails. What other problem might nails create if used as money? (*Difficult to carry around.*)

Card 13—beaver pelts—Beaver pelts are bulky and difficult to carry around.

Card 14—beaver pelts, beer, wine, and liquor, labor—exchange rate of beaver pelts for other animal skins varied. What problems could the beer, wine, and liquor create as money? (*Difficult to carry around.*) What about the price of labor? (*The amount of work produced in a day depended on the worker and his skill. Not all workers produced the same amount of work or quality of work in a day. For example, two workers might each be required to work for one day to pay off a debt. Worker 1 might work harder than Worker 2 and produce twice as much in one day. Yet, they both could have their debt cancelled after one day's work.*)

Card 15—tobacco and beaver pelts—too much tobacco planted and too many beavers trapped. The value of tobacco and pelts decreased.

Card 16—oxen—loss of oxen that were used by the owner to pay servant. What might be another problem with using oxen as money? (*Not all oxen are of equal value; they are hard to move around; it's difficult to divide an oxen.*)

15. Ask students to list all the problems with commodity money. (*Portability, spoilage, knowing how much each good was valued, problems with dividing the product, scarcity of products varied, loss of value when too much of a product was produced, quality of product varied, and willingness of people to accept goods of different qualities.*)
16. Collect student work for use after the trip to the Federal Reserve Bank of Philadelphia's "Money in Motion" exhibit.
17. Tell students they will be going to the Federal Reserve Bank of Philadelphia to see the exhibit "Money in Motion." At the exhibit they will see different kinds of

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money used in the colonial period up to today, learn about how money is put in and taken out of circulation, and see how problems with commodity money were solved. They will also see counterfeit currency and the security features of the 2004 Series currency. Remind them to bring a quarter if they would like to exchange it for the latest addition to the 50 State Quarters series.

### **Closure**

1. What is barter? (*Direct exchange of goods and services without money.*)
2. What are the problems with barter? (*Difficulties in obtaining a coincidence of wants, time consuming.*)
3. What is commodity money? (*A medium of exchange that is an actual good is generally acceptable because it has value as a good and as money.*)
4. What problems occur when using commodity money? (*Difficult to carry, spoilage, variations in quality, difficult to divide, loss of value when too much was available.*)
5. What is money? (*Anything generally accepted in exchange for goods and services.*)
6. Why are people willing to accept money? (*They know they can use the money to buy other goods and services they want.*)

### **Assessment**

Have students keep a diary of all the things they purchase during a week. Ask them to write two paragraphs about how their week of purchases would have been different if they had had to barter for what they wanted or had to use commodity money such as pencils.

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## **At the Exhibit**

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### **Lesson Description**

Students complete a scavenger hunt to locate information on forms of money used in the United States, on how money is moved in and out of the Philadelphia Fed, on counterfeiting, and on the 2004 Series currency.

### **Time Required**

45 minutes

### **Materials**

Activity 4, one per student

“Money in Motion” Navigational Guide, one per student and one per chaperone (available at the exhibit and online at [www.philadelphiafed.org/money\\_in\\_motion/tour.html](http://www.philadelphiafed.org/money_in_motion/tour.html))

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## **Procedure**

1. Divide students into groups. Distribute a copy of Activity 4 to each student. Assign groups 4-5 specific questions for which they must locate the answers in the exhibit. If they finish the assigned questions, they may continue with the other questions.
2. Tell students they are going on a scavenger hunt and must locate the information requested on Activity 4. Point out that the station where the information is located appears in parentheses after the question.
3. Distribute a copy of the Navigational Guide for “Money in Motion” to each student and chaperone. Assign a chaperone to several groups. Have chaperones walk groups through the exhibit, pointing out the various stations before groups begin the scavenger hunt.
4. Remind students that they are to follow the rules below while in the exhibit. The Federal Reserve Bank of Philadelphia reserves the right to ask individuals who are not behaving to leave.
  - a. Do not run.
  - b. Do not bring food into the exhibit.
  - c. Do not take photographs or movies in the exhibit.
  - d. Use conversational voices.
  - e. Do not shove or push others.
  - f. Be respectful of the exhibit stations (for example, do not slam buttons, do not repeatedly push buttons at the various stations, and do not climb on the exhibit stations).
5. Allow time for students to complete the scavenger hunt.
6. Collect all scavenger hunt worksheets before leaving the exhibit.

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## **Post-Visit**

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### **Lesson Description**

Students share their answers for the scavenger hunt. They are introduced to the characteristics and functions of money and use information from their retrieval charts completed in the pre-visit activity and from the scavenger hunt to locate examples of the functions and characteristics of money.

### **Objectives**

Students will:

1. Define representative money and fiat money.
2. List the functions and characteristics of money.
3. Give examples of different forms of money.

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4. Compare different forms of money in terms of money's functions and characteristics.
5. Describe some of the security features used by the U.S. government to keep U.S. money safe.
6. Describe the security features of the 2004 Series currency and explain why they are important.

**Time Required**

90 minutes

**Materials**

Visuals 1, 3, and 4

Students' completed copies of Visual 2

Pamphlet, *New Color of Money*, one per student (pamphlets are available at the exhibit or at <http://www.moneyfactory.gov/newmoney/main.cfm/materials/10download>)

Large sheets of poster paper, one per student

Markers

**Procedure**

1. Have students share their answers to the scavenger hunt. Tell students who didn't complete all of Activity 4 to record answers as they are given.

Answers to scavenger hunt:

1. Few were produced. They were called Willow, Oak, and Pine Tree shillings.
2. Because of the shortage of coins during the Civil War, people began using postage stamps to make change. Stamps wore out quickly and would stick together. Stamps were put into round metal cases to make it easier to use them as money.
3. The first coin issued by the authority of the United States in 1787. Fugio means time flies.
4. Congress adopted a decimal system based on a dollar divided into tenths (dimes) and hundredths (cents).
5. New security features include the use of color, microprinting, security thread, color shifting ink, and a watermark.
6. So much continental currency was issued during the Revolutionary War that inflation was rampant and the currency lost most of its value.

7. 1791-1811
8. People from another state didn't know how much the notes were worth. Newspapers and pamphlets issued information listing how much of a discount to apply to notes issued by various banks.
9. Coins were hoarded during the depression in the late 1830s and early 1840s. Merchants ordered private tokens to be minted for use as change.
10. One
11. Demand notes were issued in 1861 as an emergency measure at the beginning of the Civil War. Not backed by silver or gold, these notes were the first federal paper money issued since the Revolutionary War. Green ink was used to print the back of these notes.
12. Because of a coin shortage during the Civil War, the U.S. began to print fractional notes in small denominations: 5-cent, 10-cent, 25-cent, and 50-cent. Fractional notes were paper coins.
13. Federal Reserve notes
14. They were uniform and generally accepted throughout the country at face value.
15. These notes had "Treasury Note" printed at the top and were redeemable in gold or silver coins.
16. On average, 21 months
17. 23 billion notes valued at more than \$600 billion
18. Interlocking doors
19. Two vaults, one for currency and one for coin
20. About \$7 billion in currency and \$50 million in coin
21. It was enacted to standardize the nation's currency, which was backed by government bonds on deposit with the Treasury.
22. About \$6 billion of currency and coin in an average year
23. Bank notes are counted by high-speed machines. Each machine can count more than 80,000 notes an hour—over 22 notes every second.

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24. They are crosscut into confetti-like shreds.
25. About \$6 billion
2. Tell students that money was developed to overcome the problems of a barter system as well as problems that arose with the use of commodity money.
  3. Display Visual 1. Review with students the problems with barter and commodity money. Tell students that initially problems with commodity money were solved by the use of **representative money** and that today we use **fiat money**. Point out that during the late 19<sup>th</sup> and early 20<sup>th</sup> century, most currencies were examples of representative money. They were based on the gold standard and, in theory, could be exchanged for a fixed amount of gold. Today, U.S. currency, Federal Reserve notes, are fiat money. It is not backed by gold or silver and has been decreed by government to be acceptable in exchange for goods and services.
  4. Tell students that anything used as money must perform three functions. Display Visual 3. Explain each of the functions as follows:
    - Medium of Exchange—Money acts as a go-between to make it easier to buy things. Sellers agree to accept it in exchange for a good or service.
    - Unit of Account—Money serves as a way to measure and compare the value of goods and services in relation to one another. When comparing prices, individuals can determine if one good is a better buy than another. It also allows people to keep accurate financial records.
    - Store of Value—Money allows people to hold on to their money and have it maintain its value. If individuals save their money, it won't diminish in value.
  5. Point out to students that for something to serve effectively as a medium of exchange, it must meet certain characteristics. Display Visual 4 and review the characteristics.
    - Portable—Money must be easy to carry.
    - Divisible—Money must be easily divided into small parts so people can purchase goods and services of any price.
    - Durable—Money must be able to withstand the wear and tear of many people using it.
    - Relatively Scarce—Whatever is used as money must be scarce or hard for people to obtain.
    - Acceptable—Whatever is used as money must be accepted as a medium of exchange.
    - Relatively Stable in Value—Money's value must remain constant over long periods of time.

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6. Return students' completed Retrieval Charts from the pre-visit. Refer students to their charts (Visual 2) and scavenger hunt (Activity 4) to find answers for the following:
- Find an example of a form of money that did or didn't fulfill the criteria for an acceptable medium of exchange.

Portable—Most of the commodity money had problems with portability. Most of the examples of currency and coin corrected this problem. Some coins, such as gold coins, were portable and served as commodity money. However, carrying large quantities would be difficult.

Divisible—Pelts and cattle weren't easily divided; any examples of U.S. coins corrected the problem because they made it possible to divide larger denomination coins and paper currency into smaller amounts, adopting a decimal system based on a dollar divided into tenths and hundredths. The British system, while complicated, also made it possible to divide larger denominations into smaller ones. Point out that the United States, through much of its early history, suffered from repeated shortages of coin. Ask students why this might be a problem. *(Coin shortages made it difficult for individuals to divide the money and thereby make efficient transactions. During the Civil War, Civil War tokens, encased postage, and fractional currency, all on display in the exhibit, were produced in order to in part deal with the shortage of coins and make money divisible.)*

Durable—Any of the examples where commodity money spoiled; any example of paper money and coins corrected this problem. Federal Reserve notes today are made out of cotton and linen—not paper. Paper made from wood pulp would not be durable if put through the wash.

Relatively Scarce—Tobacco and beaver pelts became plentiful and were not scarce; any examples of the security that the Philadelphia Fed uses are an indication that U.S. coin and currency is scarce; efforts to keep U.S. notes from being counterfeited are in place because if counterfeiters were successful, U.S. currency would become less scarce. As seen in the exhibit, the Continental Congress issued so much paper currency during the Revolutionary War that it ceased to be scarce and ceased to be worth much. Hence the term “not worth a continental.”

Acceptable—Problems with the quality of tobacco and other commodity money; examples from exhibit of U.S. currency issued by First and Second Banks (were widely accepted), Federal Reserve notes (are widely accepted); Confederate currency became worthless at the end of the Civil War; paper currency issued by the Continental Congress—“not worth a continental.”

Relatively Stable—Problems with changing values of commodity money; problems with too much tobacco grown and too many beavers hunted, Continental currency, state bank notes; stability was helped by the National Banking Act, notes backed with bonds on deposit with the Treasury. Point out to students that at one point, the U.S. had currency that could be redeemed for gold or silver. Point out that the Federal Reserve Act was passed in 1913 to help make money more stable in value.

- b. Find an example of money that either fulfilled or failed to meet the function of Store of Value—same as above for Relatively Stable.
  - c. Find an example of money that either fulfilled or failed to meet the function of Unit of Account—any example of the commodity money exchange lists. Listings on how much of a discount to apply to notes issued by various state banks during the state banking period meant that money did not serve as a good unit of account.
7. Display Visual 1 and review the definitions of representative money and fiat money. Ask students for examples of each from the “Money in Motion” exhibit. (*Representative—national bank notes, silver certificates and gold certificates; fiat—greenbacks, Federal Reserve notes after 1933.*)
  8. Distribute large sheets of poster paper to students. Instruct them to select one of the following: a function of money, a characteristic of money, barter, commodity money, representative money, or fiat money. Tell them to draw a picture that depicts the concept they selected.
  9. Have students display their posters. Ask the class to identify the concept depicted.

### Closure

1. Define each of the characteristics of money. (*Portable—Money must be easy to carry around; durable—money must be long lasting and withstand wear and tear; divisible—money must be easily divided into small parts so people can purchase goods and services of any price; stable in value—the value of money remains constant over long periods of time; acceptable—whatever is used as money must be accepted by producers in exchange for goods and services; and scarce—whatever is used as money must be scarce or hard for people to obtain.*)
2. Describe each of the functions of money. (*Medium of exchange—Money acts as a go between to make it easier to buy things. Sellers agree to accept it in exchange for a good or service. Unit of account—Money serves as a way to measure and compare the values of goods and services in relation to one another. Store of value—Money allows people to hold onto their money and have it maintain its value.*)

3. Give an example of commodity money from history. Explain which functions and characteristics of money it meets and which it doesn't meet. (*Answers will vary.*)
4. What are some of the security features used at the Philadelphia Fed to protect currency? (*Banks use armored trucks to deliver and pick up coin and currency; employees who unload coin and currency are in a secure room and under constant surveillance; cash is stored in a vault; bank employees do not have direct contact with cash as it is unloaded by guards from the armored trucks.*)
5. What is representative money? (*A token or certificate that can be exchanged for a fixed amount of a commodity such as gold or silver.*) Fiat money? (*Money that the government decrees will be accepted in exchange for goods and services.*)
6. What are some security features of Series 2004 notes? (*Use of color, microprinting, large numerals in the corners, security thread, color shifting ink, serial numbers, and a watermark.*)
7. What are some new features of the Series 2004 notes? (*Color, symbols of freedom, removal of borders around the portraits and vignettes, portraits have been moved up and shoulders have been extended into the border, additional engraving details added to vignette, different backgrounds on the portraits.*)
8. Why are these security features important? (*To make it more difficult for U.S. currency to be counterfeited and to maintain the value and scarcity of the currency.*)

### **Assessment**

Ask students to complete the following:

Design a new medium of exchange for use in the United States. Explain why this would be a good choice in terms of the functions and characteristics of money.

Visual 1  
Forms of Money

**Barter**—the direct exchange of goods and services without the use of money.

**Commodity Money**—a medium of exchange in which the money is an actual good generally accepted because it has value as a good and as money.

**Representative Money**—a token or certificate that can be exchanged for a fixed amount of a commodity such as gold or silver.

**Fiat Money**—money the government decrees will be accepted in exchange for goods and services.

## Visual 2 Retrieval Chart

<b>Card</b>	<b>Commodity</b>	<b>Problem</b>
1		
2		
3		
4		
5		
6		
7		
8		

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Visual 2  
Retrieval Chart (continued)

<b>Card</b>	<b>Commodity</b>	<b>Problem</b>
<b>9</b>		
<b>10</b>		
<b>11</b>		
<b>12</b>		
<b>13</b>		
<b>14</b>		
<b>15</b>		
<b>16</b>		

Visual 3  
Functions of Money

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

Visual 4  
Characteristics of Money

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

Activity 1  
Barter Cards

<p>You have a compact disk.</p> <p>-----</p> <p>You want a T-shirt.</p>	<p>You have a pair of jeans.</p> <p>-----</p> <p>You want sports equipment.</p>
<p>You have a T-shirt.</p> <p>-----</p> <p>You want a pizza and a soda.</p>	<p>You have sports equipment.</p> <p>-----</p> <p>You want a wristwatch.</p>
<p>You have a pizza and a soda.</p> <p>-----</p> <p>You want school supplies.</p>	<p>You have a wristwatch.</p> <p>-----</p> <p>You want concert tickets.</p>
<p>You have school supplies.</p> <p>-----</p> <p>You want a video game.</p>	<p>You have concert tickets.</p> <p>-----</p> <p>You want movie tickets.</p>
<p>You have a video game.</p> <p>-----</p> <p>You want a pair of jeans.</p>	<p>You have movie tickets.</p> <p>-----</p> <p>You want a compact disk.</p>

Activity 2  
Money Cards

MONEY	MONEY

## Activity 3

### Forms of Money Cards

<p style="text-align: center;"><i>Card 1</i></p> <p><u>Massachusetts Bay—1630</u> When Puritans first arrived most purchases were carried out with barter. Barter severely restricted trade.</p>	<p style="text-align: center;"><i>Card 2</i></p> <p><u>Massachusetts—1635</u> A law was passed that musket balls could be used as farthings (four farthings equaled a pence or penny). No one was required to accept more than 12 pence worth of musket balls at a time. 12 pence worth of musket balls would be 48 musket balls.</p>																																
<p style="text-align: center;"><i>Card 3</i></p> <p><u>Massachusetts—1642</u> Court set standard prices for farm products that could be used as commodity money to pay taxes.</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Commodity</u></th> <th style="text-align: left;"><u>Value</u></th> </tr> </thead> <tbody> <tr> <td>Bushel wheat</td> <td>4s (s=shillings)</td> </tr> <tr> <td>Bushel rye or peas</td> <td>3s4d (d=pence)</td> </tr> <tr> <td>Bushel Indian corn</td> <td>2s6d</td> </tr> </tbody> </table> <p>All colonies had similar standards.</p>	<u>Commodity</u>	<u>Value</u>	Bushel wheat	4s (s=shillings)	Bushel rye or peas	3s4d (d=pence)	Bushel Indian corn	2s6d	<p style="text-align: center;"><i>Card 4</i></p> <p><u>New Hampshire—1707-1709</u></p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Year</u></th> <th style="text-align: left;"><u>Product</u></th> <th style="text-align: left;"><u>Value</u></th> </tr> </thead> <tbody> <tr> <td rowspan="3">1707</td> <td>Cord of boards</td> <td>25s</td> </tr> <tr> <td>Bushel of wheat</td> <td>4s6d</td> </tr> <tr> <td>Bushel of peas</td> <td>4s</td> </tr> <tr> <td rowspan="3">1708</td> <td>Cord of boards</td> <td>27s</td> </tr> <tr> <td>Bushel of wheat</td> <td>5s</td> </tr> <tr> <td>Bushel of peas</td> <td>4s</td> </tr> <tr> <td rowspan="3">1709</td> <td>Cord of boards</td> <td>30s</td> </tr> <tr> <td>Bushel of wheat</td> <td>5s</td> </tr> <tr> <td>Bushel of peas</td> <td></td> </tr> </tbody> </table> <p>Note: s=shillings, d=pence</p>	<u>Year</u>	<u>Product</u>	<u>Value</u>	1707	Cord of boards	25s	Bushel of wheat	4s6d	Bushel of peas	4s	1708	Cord of boards	27s	Bushel of wheat	5s	Bushel of peas	4s	1709	Cord of boards	30s	Bushel of wheat	5s	Bushel of peas	
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<p style="text-align: center;"><i>Card 5</i></p> <p><u>New Jersey—1692</u> Commodities were used to pay taxes. For example, a bushel of barley or peas equaled 4 shillings, Indian corn 2 shillings, and butter 6 pence. These products were known as country pay. Sometimes goods used to buy private goods, usually at 1/3 discount of established rate, were called “pay as money.”</p>	<p style="text-align: center;"><i>Card 6</i></p> <p><u>Connecticut—1674</u> Individuals tended to use or sell their best products and offer their poorest products as commodity money (e.g., wheat, beef, butter, corn, pork). Arguments arose over value of commodities being used. Connecticut established a judge to decide if a good could be used as commodity money.</p>																																

#### Lesson: Why Money?

Grades 6-8

“Money in Motion” Curriculum  
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## Activity 3 (continued)

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<p style="text-align: center;"><i>Card 7</i></p> <p><u>Massachusetts—1600s</u> When paying taxes with farm products, taxpayers had to bring commodities to the colonial treasury. Massachusetts passed a law that allowed taxpayers to rest their cattle on open land in Boston when the cattle were being herded to pay taxes.</p>	<p style="text-align: center;"><i>Card 8</i></p> <p><u>Connecticut—1670</u> Connecticut taxes in the form of commodities (e.g., wheat, barley, cows, peas) could be paid to the local deputy. He was required to store the items in his barn.</p>
<p style="text-align: center;"><i>Card 9</i></p> <p><u>Connecticut—1702</u> Taxes were paid with commodities. Taxpayers were reimbursed for transportation costs. Connecticut law said for each bushel transported from Windsor to Hartford the taxpayer received 2 pence, from Farmington to Hartford 3 pence, and from Stonington to New London 2 pence for every pound in commodities. Proportional rates for other locations.</p>	<p style="text-align: center;"><i>Card 10</i></p> <p><u>Virginia—1619</u> Tobacco was declared official currency. The exchange rate was 3 shillings per pound for the best quality tobacco and 1 shilling 6 pence per pound for tobacco leaves of second quality. The sheriff was paid in tobacco. He received 10 pounds if he made an arrest, and 20 pounds when he took someone to the pillory.</p>
<p style="text-align: center;"><i>Card 11</i></p> <p><u>Maryland—1698</u> Tobacco was used as money. It was declared illegal to pack poor quality leaves in the bottom of hogshead barrels and best quality leaves on top. Virginia passed a similar law.</p>	<p style="text-align: center;"><i>Card 12</i></p> <p><u>Southern Colonies</u> Iron nails produced in Massachusetts were scarce throughout the South. Old homes were often burned to get the nails. Nails were often used as money.</p>

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<p style="text-align: center;"><i>Card 13</i></p> <p><u>New Amsterdam (New York)—1703</u>            Beaver pelts were used as money. The value of three pelts was 40s (shillings). When trading with the Indians, one pelt could buy one of the following:</p> <ul style="list-style-type: none"> <li>5 pecks of Indian corn</li> <li>10 pounds of pork</li> <li>2 small axes</li> <li>1 pint of shot</li> <li>2 pints of powder</li> <li>2 yards of cloth</li> </ul>	<p style="text-align: center;"><i>Card 14</i></p> <p><u>New Amsterdam (New York)</u>            Beaver skin equaled the skin of 2 foxes, 2 woodchucks, 4 raccoons, 1 bear, 1 otter, or 5 pounds of feathers. Two beaver pelts equaled 1 moose hide.</p> <p>Beer, wine, and liquor were used as money substitutes.</p> <p>One could work off a debt as a day laborer.</p>
<p style="text-align: center;"><i>Card 15</i></p> <p><u>Colonies in 1700s</u>            As more tobacco was planted and more beavers were trapped, the value of tobacco and pelts as commodity money fell.</p>	<p style="text-align: center;"><i>Card 16</i></p> <p><u>Massachusetts—1648</u>            Getting hard currency to pay for goods and services was difficult. A man from Rowley had to sell two oxen to get hard currency to pay his servant his wages. The man dismissed his servant so he wouldn't have to sell any more oxen.</p>

## Activity 4

### Scavenger Hunt

1. The first colonial silver coins were authorized by the Massachusetts Bay Colony in 1652. Why didn't this help the coin shortage? What were these coins called? (Early Money in America)
2. What is encased postage, and how was it used? (America's Ever-Changing Money)
3. What is the Fugio Cent? What does "Fugio" mean? (Early Money in America)
4. How did Congress decide to distinguish U.S. coins from British pounds, shillings, and pence? (Early Money in America)
5. What security features are included in the 2004 Series currency? (The New Color of Money)
6. Why did the continental currency lose its value? (Early Money in America)
7. During what years did the first Bank of the United States issue bank notes? (America's Ever-Changing Money)
8. State bank notes were not always accepted at face value. How did newspapers and pamphlets attempt to solve this problem? (America's Ever-Changing Money)
9. What were hard times tokens? (America's Ever-Changing Money)

## Activity 4

### Scavenger Hunt (continued)

10. How many raised notes are in the real or fake exhibit? (The New Color of Money)
11. What are “greenbacks” and why are they called that? (America’s Ever-Changing Money)
12. What is fractional currency? Why was it issued? (America’s Ever-Changing Money)
13. What is the dominant form of currency used in the United States today? (America’s Ever-Changing Money)
14. What was an advantage of national bank notes? (America’s Ever-Changing Money)
15. What were Treasury notes and what were they backed with? (America’s Ever-Changing Money)
16. How long, on average, does a dollar bill last? (Eye on the Money)
17. How many Federal Reserve notes are in circulation and what is the value of these notes? (Eye on the Money—Video for New Money)

## Activity 4

### Scavenger Hunt (continued)

18. What prevents bank employees from having direct contact with cash being unloaded by armored guards? (Eye on the Money—Video for New Money)
19. How many vaults are at the Federal Reserve Bank of Philadelphia, and what are they used for? (Eye on the Money—Video for New Money)
20. On an average day, how much money is in the vaults of the Federal Reserve Bank of Philadelphia? (Eye on the Money—Video for New Money)
21. Why did Congress pass the National Banking Act in 1863? (America’s Ever-Changing Money)
22. How much money passes in and out of the Federal Reserve Bank of Philadelphia in a year? (Eye on the Money—Video for Circulated Money)
23. How is currency counted at the Federal Reserve Bank? How much money can a high-speed machine count in an hour? (Eye on the Money—Video for Circulated Money)
24. What happens to worn or torn notes? (In & Out)
25. In an average year, how much currency does the Philadelphia Fed destroy? (In & Out)