

Founding Fathers: Through a Money Lens






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Who is Pictured on Our Currency?



Money Men

Handout 1: Currency Portraits

Portrait	Who am I?	Which note has my portrait?	U.S. President? Yes or No
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

Portrait Selection

The Secretary of the Treasury is responsible for the selection of the designs, including the portraits which appear on paper currency.

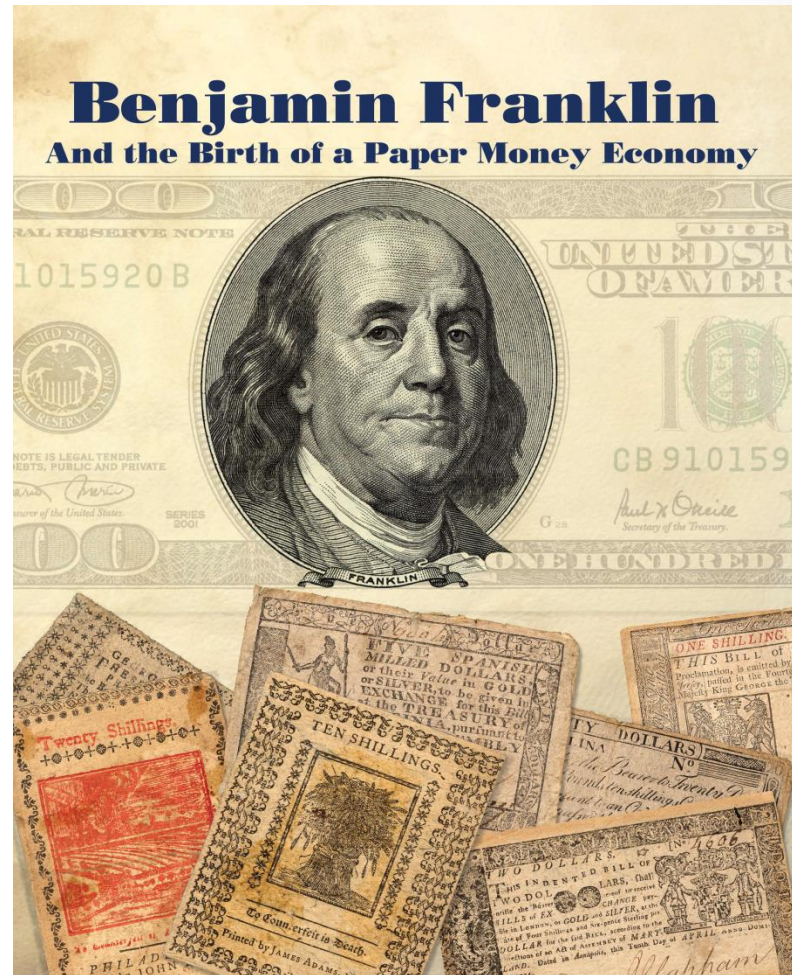
“It was determined that portraits of presidents of the United States have a more permanent familiarity in the minds of the public than any others... Treasury Department records do not reveal the reason that portraits of these particular statesmen were chosen in preference to those of other persons of equal importance and prominence.”



Department of Treasury, Bureau of Engraving and Printing

Benjamin Franklin

- Arrives in Philadelphia in 1723 at the age of 17
- Gold and silver coins are used as a medium of exchange; since Pennsylvania does not produce gold or silver, these coins can only be gotten through trade
- Foreign trade leads to a shortage of coins



Trading Activity

Benjamin Franklin

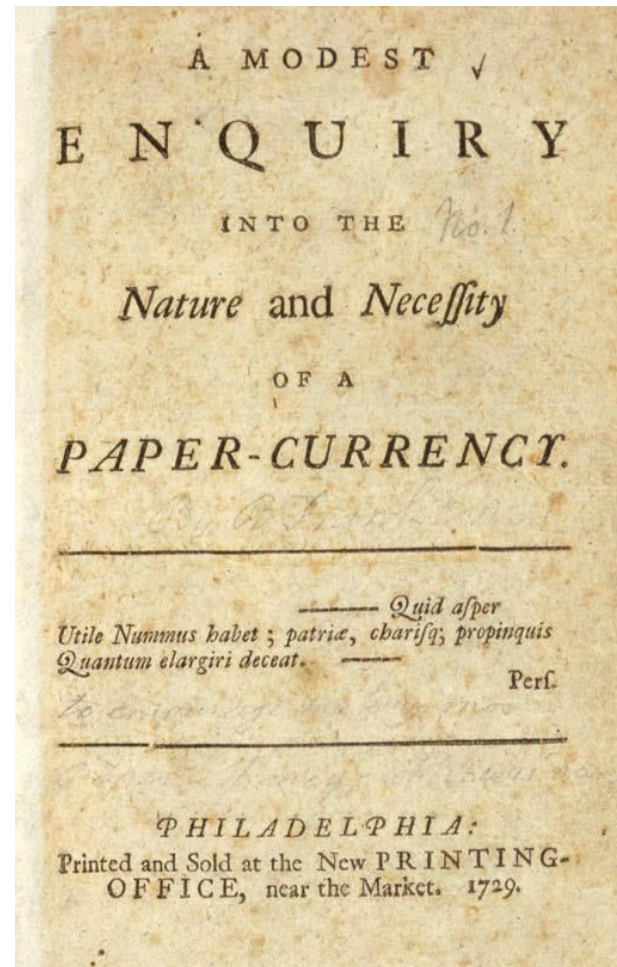
- The first paper money in Pennsylvania is issued in 1723- it was not backed by gold or silver, but by land assets and future taxes owed
- The 1723 money is set to expire in 1731
- Franklin writes an important pamphlet in 1729 on the need for a paper currency
- Pennsylvania issues more paper currency in 1729 and in 1731, the money is printed by Franklin
- Between 1731 and 1764 he prints over £770,000 of Pennsylvania notes, as well as notes for Delaware and New Jersey



Benjamin Franklin

- Franklin argued that paper money facilitated trade; without it, people would have to barter, which increases the cost of local exchange, lowers economic activity and raises interest rates
- Franklin said that paper money derived its value not from gold or silver or legal tender laws, but from its quantity

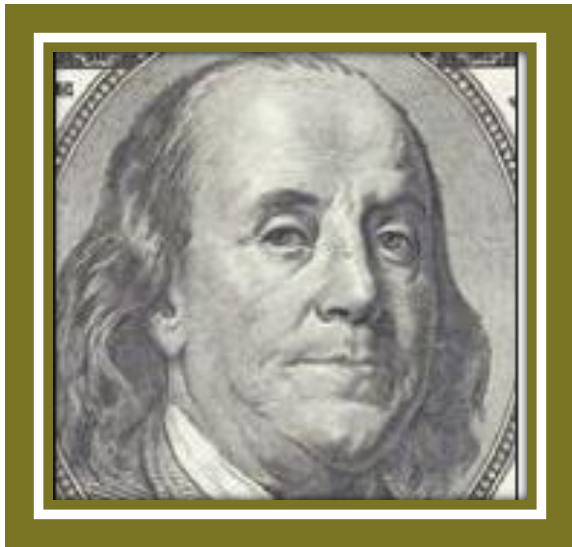
Inflation Auction



Title page of "A Modest Enquiry into the Nature and Necessity of a Paper Currency," April 3, 1729. *The Library Company of Philadelphia*

Ben Franklin: Highlighting the Printer

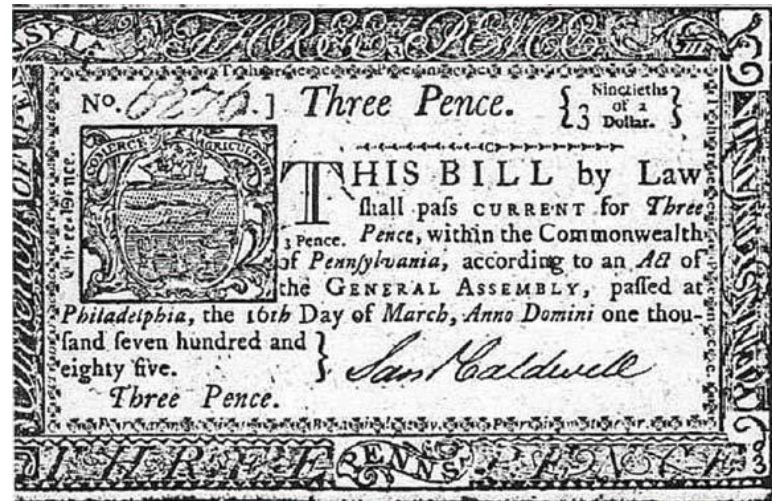
- Middle School lesson highlighting Franklin's life and work as an inventor and entrepreneur
- Pennsylvania Gazette
- 1st public lending library



- Poor Richard's Almanac
- Anti-counterfeiting technique
- Franklin stove

Second Money Era

- In 1787 at the Constitutional Convention, the power to issue paper money was taken away from both state and national legislatures
- A government chartered and regulated privately run bank based system as we have today began
- Franklin died in 1790, just a year before the First Bank of the United States is chartered



First Bank of the United States



How many banks were there in the United States in 1791?

First Bank Lesson

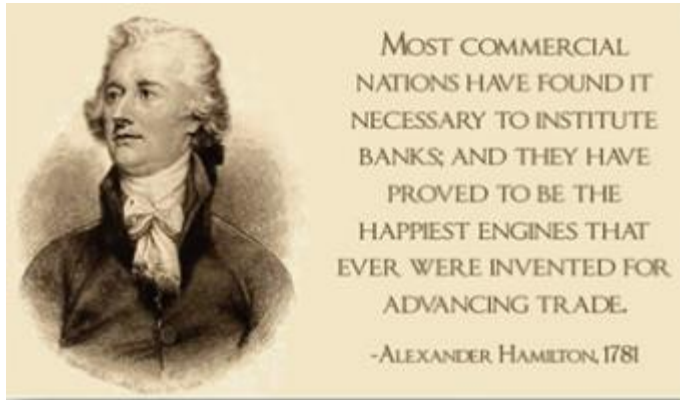
The Federal Reserve and You



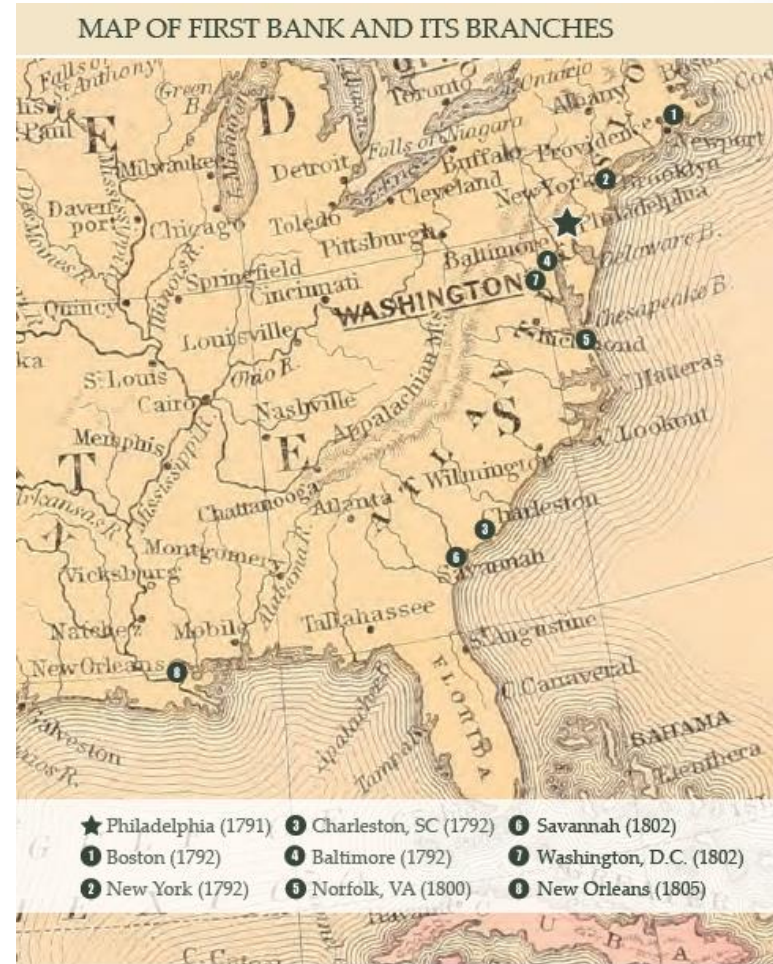
Discussion Questions

- *How did the continental dollars become practically worthless?*
- *What are some functions of a modern central bank?*
- *What is a lender of last resort?*
- *In the street scene, why did the merchant say that the US needs a national bank?*
- *In the street scene, why did the farmer say that a national bank was a bad idea?*

First Bank in Business



- What functions did the 1st Bank perform for the US government? Individuals?
- How did it affect the economy?
- Why did the First Bank go out of business?



Hamilton versus Jefferson


- Why did Jefferson oppose the First Bank?
- What was Hamilton's argument for the First Bank?

Quotes Activity



Comparing Central Banks

COMPARING U.S. CENTRAL BANKS

	1791-1811	1816-1836	1913-Present
	First Bank of the United States	Second Bank of the United States	Federal Reserve System
			
Supervisory Duties	No	No	Yes
Monetary Policy	No, but it was large enough to affect credit conditions nationwide.	No, but it was large enough to affect credit conditions nationwide.	Yes, but in the early years, the Fed did not conduct monetary policy as we know it today.
Branches	Yes	Yes	Yes
20-Year Charter	Yes, but the charter was not renewed.	Yes, but the charter was not renewed.	Yes, the Fed originally had a 20-year charter, but the McFadden Act of 1927 gave the central bank permanency.
Issues Currency	Yes	Yes	Yes
Stockholders	Yes, 20% was held by government; 80% by the public.	Yes, 20% was held by government; 80% by the public.	Yes, but only member banks hold stock, not the public.
Stock	Shares were publicly traded and held by foreign and domestic investors.	Shares were publicly traded and held by foreign and domestic investors.	Federal Reserve System member banks and state-chartered member banks buy nontradable stock in their District Reserve Bank; stock pays a fixed dividend of 6%.
Commercial Bank Operations	Yes, it accepted deposits from and made loans to the public.	Yes, it accepted deposits from and made loans to the public.	No, the Fed is a "bankers' bank"; it makes loans only to banks and holds their deposits called reserves.
Competition with State Banks	Yes	Yes	None
Services to Federal	The bank served as the federal government's fiscal agent, received its revenues, held its deposits, and made	The bank served as the federal government's fiscal agent, received its revenues, held its deposits, and made	The Fed serves as the federal government's fiscal agent, receives its revenues, holds its deposits, and makes

Cabinet Battle #1



Cabinet Battle #1

Christopher Jackson, Daveed Diggs,
Lin-Manuel Miranda,
Okieriete Onaodowan

Hamilton

[Clean Version Lyrics](#)

Questions??

