

# Pre-viewing Procedures

1. Holding up a one dollar bill, ask the following: *How is this piece of paper significant in your world?* (Accept a variety of answers that may include: buy or purchase things, obtain goods and services, or being paid for goods or services, etc.)
2. Holding up the debit or credit card, ask the following: *How does this debit/credit card differ from the \$1 bill?* (Accept responses that generally convey a function similar to that of cash in that one can purchase goods and services, borrow funds, etc. Do not spend a great deal of time differentiating the characteristics of either payment type - the main point is the ability to facilitate transactions.)
3. Holding up a personal or payroll check, ask the following: *How about this check? What does it allow me to accomplish?* (Again, accept various responses that convey similar characteristics to cash.)
- 4.0 On the board or overhead projector, write “Forms of Money” and list “cash,” “electronic transfers (plastic),” and “checks,” ask the following: *Have we forgotten any other forms of money?*
- 4.1 On a piece of paper, I want you to write down your last five money transactions and please follow the format in this example. (Write the following on the board: Transaction, Form of Money, Flow of Money In or Out, or display Visual 1. Utilizing Visual 1, discuss the example of having bought a cup of coffee with your debit card.)
- 4.2 What do you suppose would be an example of a flow of money coming in (allowance, payroll)?
- 4.3 Now, go ahead and record your last five transactions involving some form of money.

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- 5.0 Allow approximately five minutes for this activity and resume the discussion by asking the following:
- 5.1 Let's have several examples. (Record a number of examples on the board in the same format.)
- 5.2 This is interesting, we have a variety of transactions, forms of money, and flows going in both directions. (If you don't have any in-flow examples, take a moment to give an example.)
- 5.3 Looking at our data, what groups are primarily involved in the transactions (individuals, business, and the government)?
- 5.4 Any banks involved? (Yes, for checks, debit cards, and bank-issued credit cards.)
- 5.5 On the same paper you listed your transactions, take a moment to write a quick response to the following questions:
- Why is the coffee shop comfortable accepting a debit card?
  - How is it that I can go out the door in the morning with absolutely no cash in my wallet?

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- 6.0 Allow a couple of minutes for students to respond and then ask the following:
- 6.1 Who can give me an example of why this system works? (We are looking for something about trust or confidence in the system.)
- 6.2 I am curious about something in this room (pause for effect). How much cash do you think exists in this room at this moment? On the back of a piece of paper, write down an estimate of the dollar amount of cash you believe exists in the room right now. (Give the group 60 seconds to make their estimate.)
- 6.3 Well, before we reveal your estimates, let's just find out how much cash we actually have on hand. If you would, please count up the amount of cash in your pocket, purse, backpack, etc. Then, calculate the total amount of cash for your row. (Assuming students are seated in rows, if not, have them report by a grouping of your choice.)
- 6.4 Have one individual from each row come up to the board and record the total amount of cash on hand for your row (or whatever grouping you decided on).

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- 6.5 If we add all of the rows together, what is the total amount of cash on hand in this room at this moment? (Record the total on the board and circle that number.)
- 6.6 Now let's take a look at your estimates of the total amount of cash on hand. Did anyone come close? (Respond to the amounts and recognize the brilliance of anyone who was close.)
- 6.7 We, each as individuals, have a certain amount of cash at our disposal at the moment and as a group we also have a specific amount. One way to characterize the cash we have access to is the term liquidity (write the term liquidity on the board).
- 6.8 We can define liquidity as the availability of money that each of us has. In our example we looked at cash and we also know from our discussion that money also takes the form of checks and electronic transfers.
- 6.9 Now let me ask you something, what form of money would you prefer to hold if you were afraid there might be a problem accessing money such as an empty ATM or a business not accepting checks, credit cards, or borrowing money on your credit card? (Cash.)
- 6.10 How much cash would you need? (Responses will vary and probably will be related to how long the situation lasts.)
- 6.11 Let's say you thought there might be a problem for a week, what would be your primary objective? (Get my hands on as much of my cash as possible.)
- 6.12 How would you accomplish the task of securing cash? (Go to the ATM or bank.)
- 6.13 What would happen if everyone had the same idea? (Mad rush to an ATM or bank, long lines.)
- 6.14 How would you live if you and your family could not access money or credit (panic, chaos)?
- 6.15 Can anyone think of an example of an event that might cause this type of disruption (natural disaster, war)?
- 6.16 Today you are going to take a look at a video that examines just exactly this type of disaster and it happened right here in the United States a few years ago. Does anyone have any idea of what that event might be? (Students may come up with the September 11 event.)
- 6.17 The event I am referring to occurred on September 11, 2001. Who can tell me what happened? Do you remember where you or your family were at the time? How old were you? (Allow students a few minutes to discuss their memories.)

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- 6.18 Today we have been discussing the significance of money in our daily lives. The video you are about to watch details how an important institution called the Federal Reserve responded to the events of September 11.
- 6.19 I want to give you a 60 second overview of the Federal Reserve and then we will watch the video.

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- 7.0 Prior to viewing the video, you will briefly outline the purposes and functions of the Federal Reserve utilizing the advanced organizer provided as Visual 2. This approach provides students with high-level “snapshot” of the Fed and a context for interpreting the measures undertaken to stabilize the economy. You will find a completed version of Visual 2 on page 12. Display Visual 2 and state the following:
- 7.1 This graphic organizer gives you a brief overview of the Federal Reserve. One particularly important term you will hear throughout the video refers to the availability of cash. What is that term? (Liquidity.)