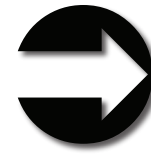


# Introduction



One class  
period required

What is the purpose of a central bank? How did an extraordinary event challenge the infrastructure of the financial system? What role does the central bank play in responding to a crisis situation?

*Open and Operating: The Federal Reserve Responds to September 11* is a video-based lesson designed to answer these important questions and provide teachers of social studies and economics a flexible format; in which to introduce the Federal Reserve System and to provide a more comprehensive treatment of the subject.

The events of September 11, 2001, provide the context for this lesson, documenting how the Federal Reserve acted decisively to calm the financial markets, keep funds moving, and stabilize the economy. Students will participate in a pre-viewing discussion, actively view the Open and Operating video, and complete a culminating assignment.

The Open and Operating lesson is organized into three major sections that include an introduction to the themes of the video, viewing of the video itself, and an assignment designed to review the purposes and functions of the central bank and to synthesize information presented in the video program. The lesson utilizes visual representations and student generated posters as an active viewing strategy and as the basis for the instructional process.

## Concepts

- Central Bank
- Financial System
- Liquidity
- Monetary Policy Tools
- Payments System

## Student Objectives

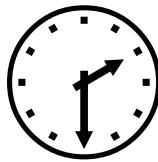
1. Identify the steps taken by the Federal Reserve System to stabilize financial markets following the events of September 11.
2. Define liquidity and its significance in providing a stable economic environment, in which individuals and businesses conduct daily activities.
3. Create a poster depicting the actions of the Federal Reserve in response to the events of September 11.
4. Write a summary outlining the benefits of a well-functioning central bank.

## Materials

- Open and Operating video
- VCR and remote control
- Handout 1 and 2
- Visual 1, 2, and 3
- For demonstration purposes only:  
\$1 bill, 1 debit or credit card, and 1 personal or payroll check

# Introduction

The video is 16:21 minutes in length and is organized into six segments that include:



1. Introduction	3:38 minutes
2. Payments System	5:00 minutes
3. Banking Supervision and Regulation	1:05 minutes
4. Monetary Policy Tools	5:09 minutes
5. Federal Reserve Bank of New York specifics	1:44 minutes
6. Conclusion	1:35 minutes

The introductory segment provides a historical context for the U.S. central bank and establishes the challenges faced by the financial system as a result of the events of September 11. This segment is suitable for a broad audience, conveying the strength of the Federal Reserve and how important liquidity is to the stability of the economy and in maintaining public confidence.

Sections 2, 3, and 4 in the video define the specific Federal Reserve functions and how each area responded to the attacks on September 11. Section 5 describes the efforts of the Federal Reserve Bank of New York, located only two blocks from the World Trade Center, to continue operations during this time.

The concluding segment summarizes the results of the Federal Reserve's actions and how a well-functioning central bank acts to stabilize financial markets and the economy under extraordinary circumstances.

## Voluntary National Content Standards in Economics

*Open and Operating: The Federal Reserve Responds to September 11* reviews and reinforces the following content standards:

### *Content Standard 11:*

Students will explore the importance of money and how the Federal Reserve facilitates the flow of money throughout the economy.

### *Content Standard 12:*

Students will learn about interest rates, including how and why the Federal Reserve may change interest rates in times of economic uncertainty.

### *Content Standard 13:*

Students will understand how the Federal Reserve's monetary policy influences the overall levels of employment, output, and prices.