Teaching About Money, Spending, and Inflation Using a Classroom Inflation Auction

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Disclaimer

The views expressed in this presentation are ours and do not necessarily reflect official positions of the Federal Reserve Bank of St. Louis or the Federal Reserve System.
Agenda

Inflation auction (updated this week!)
  • Revisit the phrase of “too much money chasing too few goods”
Short detour: When did Barbie debut as a veterinarian?

a. 1978
b. 1985
c. 1993
d. 2001
When did Barbie debut as a veterinarian?

a. 1978
b. 1985
c. 1993
d. 2001
St. Louis Fed

Barbie in the Labor Force Lesson Plan

[QR Code]
What is money?
Money—Anything widely accepted in exchange for goods and services.

Fiat money—A substance or device used as money, having no intrinsic value (no value of its own) or representational value (not representing anything of value, such as gold).
The Global Financial Crisis (2007 – 2009) and subsequent recession

The Fed conducted a series of large-scale asset-purchase programs to ease financial conditions and support economic activity.

These purchases boosted reserves in the banking system to over $2.8 TRILLION.
What is the relationship between money and spending?
Auction Rules

• Three items will be auctioned.
• The highest bidder will win each item.
• The three items represent total output of goods and services produced in the classroom economy.
• Each Funny Money bill (or bean) is worth $1.
• You may not combine your money with anyone else’s in the room.
<table>
<thead>
<tr>
<th>Item</th>
<th>Round 1</th>
<th>Round 2</th>
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<tbody>
<tr>
<td>1</td>
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<td>2</td>
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<td>3</td>
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<td>Totals</td>
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Inflation—A general, sustained upward movement of prices for goods and services in an economy. Economists say inflation occurs when “too much spending is chasing too few goods.”
• What is money and its relationship to spending?

• What is inflation?

• What is the relationship between spending and inflation?
Money, Spending, and Inflation
Auction Activity

https://www.stlouisfed.org/education/classroom-inflation-auction