

# 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



# What is money?

**Money**—Anything widely accepted in exchange for goods and services.

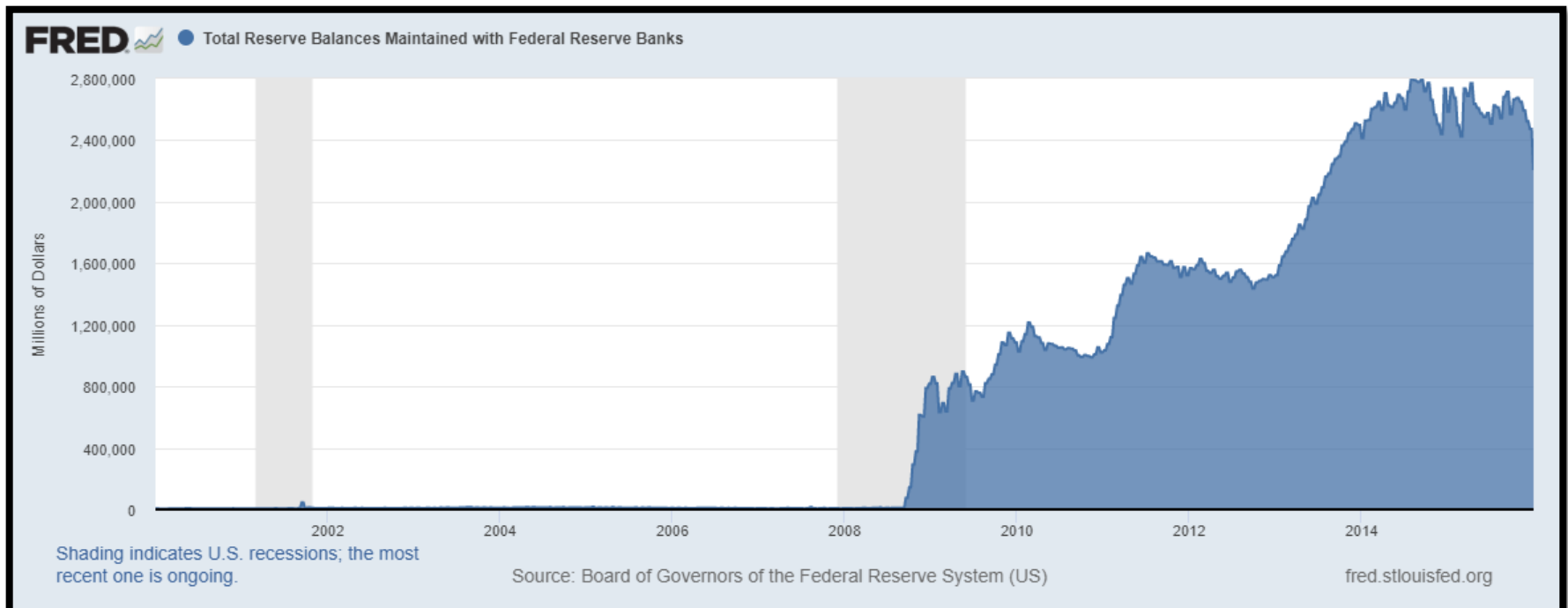
**Fiat money**—A substance or device used as money, having no intrinsic value (no value of its own) or representational value (not representing anything of value, such as gold).



## 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.



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Item	Round 1	Round 2
<b>1</b>		
<b>2</b>		
<b>3</b>		
<b>Totals</b>		

**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>

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