

No Much Money

How inflation destroys the value of money... and what that means to you



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Video Page



Too Much Money

Teacher's Guide

This Teacher's Guide includes the following:

- Suggested Lesson Plan
- Preview Questions
- Key Terms
- Viewing Guide
- Discussion Questions
- Quiz
- Enrichment Activities
- Answer Key

Suggested Lesson Plan

These materials may be used in a variety of ways. For maximum benefit, we suggest the following lesson plan:

- As a class, discuss the Preview Questions and Key Terms.
- Distribute copies of the Viewing Guide for students to use as a note-taking tool during the video.
- Play the video, pausing if needed to facilitate understanding and note-taking.
- Review and discuss answers to the Viewing Guide, using the Answer Key as a guide.
- Use Discussion Questions to spark class discussion, or assign these questions as homework.
- Replay the video as preparation for the Quiz.
- Administer and grade the Quiz using the Answer Key as a guide.
- Optional: Assign one or more of the Enrichment Activities as homework.

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Preview Questions

(These are meant to be read aloud by the teacher.)

1. Judging by the title, what do you think this video will be about?
2. How could there be too much money?
3. What is inflation?
4. How does inflation affect you?

Key Terms and Definitions

Currency – a system of money, or the bills and coins themselves, used in a country

Federal Reserve System – the central bank of the United States, which has broad regulatory powers over the money supply and the credit structure

Hedge – a transaction that reduces or limits the risk of loss from an investment

Hyperinflation – very high, rapid, and usually accelerating monetary inflation that is great enough to threaten a nation's economic stability

Purchasing power – the value of a currency measured in terms of the goods and services it can buy

Name: _____

Date: _____

Too Much Money **Viewing Guide, page 1**

1. _____ is when government creates too much money.
2. When government creates too much money, its _____ goes down.
3. You get credit based on how much you earn and your ability to _____ what you borrow.
4. Government can spend a lot of money because it can _____ a lot of money.
5. In 1777, Congress was desperate for money to _____.
6. Prices at Valley Forge were _____ higher than they were at the beginning of the war.
7. From 1500 to 1800, the Spanish Conquistadors carted 70% of the world's _____ and 85% of its _____ back to Spain.
8. Too much gold and silver created the same problems as too many _____.
9. During the Century of Gold, the supply of money increased dramatically, and the _____ of money (gold and silver) went down.
10. After World War I, the Allies presented the German government with a bill for _____ marks.

Name: _____

Date: _____

Too Much Money **Viewing Guide, page 2**

11. Five years after World War I ended, one dollar would buy 4.2 _____ marks.
12. By 1930, all that crazy, out-of-control printing of money had destroyed the economy of _____.
13. In Bolivia in 1985, prices were soaring at an annual rate of _____.
14. A 2-liter bottle of cola that sold for five Bolivian pesos ended up selling for 40 to 50 _____ Bolivian pesos.
15. Paper money was plunging so fast in value that people would rush to convert it into anything of _____.
16. Inflation was happening so fast that people didn't know how to _____ their families.
17. Bad _____ policy has destroyed the livelihood of millions of people around the world.
18. _____ happened in Bolivia in the 1980s; it happened in Germany in the 1920s; and it happened in America in the 1700s.
19. Inflation causes _____, not the other way around.

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Discussion Questions

1. List three things governments buy on credit.
2. How can a government print more money than it takes in through taxes and borrowing? Why would a government do this?
3. What is the connection between government spending and political office holders? If politicians use government money to entice voters to support them, how will the government ever control spending?
4. Why wouldn't American farmers sell food to George Washington's Continental Army during the Revolutionary War?
5. When the British spread counterfeit Continentals around the American colonies, how was this "inflation as an act of war"?
6. What is the difference between the Continental Congress printing Continentals and the British printing them? Do their intentions matter? Explain.
7. What was the Century of Gold? What happened to the supply of money? What happened to the value of money? What happened to prices?
8. At the end of World War I, one dollar would buy 4 German marks. Five years later, a dollar would buy 4.2 trillion marks. Why? What was Germany's reason for printing so much money?
9. How did hyperinflation affect German society? What might have been the connection between that hyperinflation and the rise of Adolf Hitler?
10. What country experienced hyperinflation in the 1980s?
11. Why did Bolivian families without electricity buy electronic goods in the 1980s?
12. Why did Bolivians start using a mentholated rub as currency?
13. How did the Bolivian hyperinflation affect the middle class? The poor?
14. What is the connection between inflation and rising prices?
15. How might inflation change our pattern of savings or affect the risks people take when they decide to save or invest their money?
16. What are some of the ways shown in the film that people have tried to cope with hyperinflation?

Name: _____

Date: _____

Too Much Money Quiz, page 1

1. When government creates too much money, we get _____.
 - A) richer
 - B) inflation
 - C) deflation
 - D) purchasing power

2. To pay for the Revolutionary War, the Congress issued paper money called _____.
 - A) Continentals
 - B) dollars
 - C) marks
 - D) pesos

3. Prices at Valley Forge were _____ higher than at the beginning of the war.
 - A) 48%
 - B) 480%
 - C) 4,800%
 - D) 4,800,000%

4. From 1500 to 1800 the Conquistadors took vast quantities of gold and silver from South America to _____.
 - A) Spain
 - B) Bolivia
 - C) Germany
 - D) England

5. After World War I, the Allies presented the _____ government with a bill for 132 billion marks.
 - A) Spanish
 - B) Bolivian
 - C) German
 - D) Japanese

Name: _____

Date: _____

Too Much Money Quiz, page 2

6. Five years after World War I ended, one dollar would buy 4.2 _____ marks.
- A) million
 - B) billion
 - C) trillion
 - D) quadrillion
7. Which country experienced hyperinflation in the 1980s?
- A) Spain
 - B) Germany
 - C) Japan
 - D) Bolivia
8. What did Bolivians use as money when their currency became worthless?
- A) kindling
 - B) wallpaper
 - C) mentholated rub
 - D) cola
9. When paper money is dropping rapidly in value, it makes sense for people to _____.
- A) spend it quickly
 - B) hoard it
 - C) find something more stable to use as currency
 - D) both a and c
10. In the United States, the _____ regulates the money supply.
- A) President
 - B) Congressional Budget Office
 - C) Supreme Court
 - D) Federal Reserve System

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Enrichment Activities

1. Research and report on the ways the Federal Reserve can expand the money supply, and its reasons for doing that.
2. Prepare an in-depth report on one occurrence of hyperinflation that was discussed in the video. (Examples include: Spanish and Incan gold, Continental Army, Post World War I Germany, and Bolivia in the 1980s.)
3. Conduct man-on-the-street interviews similar to those in the video. Do most people know what causes inflation? Do they know what it is?
4. In the video, Lawrence Reed said that "governments can spend a lot of money because governments can print a lot of money." Research the national debt. How much has it grown over the past ten years? How fast has it grown in the past year? How much is it growing each day? Produce visual aids such as charts and graphs to help demonstrate what you have discovered.
5. Using the Foundation for Economic Education website (fee.org), research and report on instances of hyperinflation. Why did it happen? What was the impact of hyperinflation on the citizens of a country? What have been the results for a government hyperinflating its currency? Your report can be written, or presented to the class in a slideshow, as a video, or on poster board.
6. There have been those who suggest that currency should be backed by gold. Research and write a report about the gold standard in the United States. What were the arguments in favor of it? What were the arguments against it? How was the gold standard slowly abolished in the United States? What has happened since it was abolished? Present your findings to the class. Use visuals to help convey your findings.
7. Write a poem about the effects of hyperinflation on the citizens of a country.
8. Write a tweet warning about the dangers of hyperinflation.

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Viewing Guide Answer Key

1. Inflation
2. purchasing power
3. pay back
4. print
5. wage the war
6. 480%
7. gold, silver
8. Continentals
9. value
10. 132 billion
11. trillion
12. Germany
13. 50,000%
14. million
15. stable value
16. support
17. economic
18. Hyperinflation
19. rising prices

Too Much Money **Quiz Answer Key**

1. B) inflation
2. A) Continentals
3. B) 480%
4. A) Spain
5. C) German
6. C) trillion
7. D) Bolivia
8. C) mentholated rub
9. D) both a and c
10. D) Federal Reserve System

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