

Federal Reserve Bank of Boston's Economic Education Newsletter

Fall 1997

# The Ledger

## In this issue

### 4 Shared Knowledge

Don't Take Ulysses for Grant-ed  
Redesigned \$50 Notes to Be  
Issued this Fall

### 6 Back to Basics

Jump\$tart Coalition's Goal:  
"Financial Smarts for  
Students"

### 7 "Find What is Good, and Praise It"

From Mt. Washington to Wash-  
ington D.C., Team from Gorham,  
NH Represents First District in  
Fed Challenge '97

### 10 Educators' Update

NCEE Develops Voluntary  
National Content Standards in  
Economics

### 13 Home Page

Highlights Federal Reserve  
Banks Web sites.



Pakistani working children attending Iqbal's school in Kasur, Pakistan.

Photo courtesy of Peggy Simons, wife of U.S. Ambassador to Pakistan Tom Simons

## "A School for Iqbal"

### Quincy, Mass., Students Learn Unforgettable Lesson in International Economics, Human Rights, and the Power of Persistence

Back when life was supposed to be less complicated, one thing really was simpler. The accepted method for teaching American kids about the economy of a foreign country was fairly straightforward. Each student wrote a one-page report, drew a "product map," and maybe brought in a "typical" food from an assigned country. Kids who reported on Holland or Switzerland always had an advantage because they could win the class over with Dutch or Swiss chocolate.

It's not that simple anymore. The world's economies are much more complex, and individual nations are more interdependent than ever. "Competing in the global marketplace" is the credo of American business. But in the global marketplace economic, political, and cultural concerns are often intertwined. A product map showing that Norway exports herring and Sweden manufactures high-

quality steel offers little guidance when the issue in question is whether or not human rights concerns should affect trade relations between two countries.

Take the ongoing ambiguity over what constitutes fair treatment of workers. Labor practices considered acceptable in one country might be

condemned as abusive in another. For example, Americans would be outraged if a nightly newscast were to report that ten-year-old American children were being chained to factory equipment and forced to work 70 hours a week. But what if the report concerned Pakistani children in a Pakistani factory? How, then, would we respond? When an American consumer thinks about buying an imported product, should human rights issues or working conditions in the country of origin make a difference? Or should price and quality be the only things that matter? And in teaching international economics to American students in grades K-12, is it legitimate, or perhaps even necessary, to go beyond the study of such basic economic concepts as "comparative advantage" and examine these topics in the context of more complex issues, such as human rights?

Students and teachers at Broad Meadows Middle School in Quincy, Massachusetts, grappled with those questions, and their search for answers turned into a multi-year lesson in international economics. It all started when Ron Adams, a longtime language arts teacher with a deep interest in human rights issues, invited Iqbal Masih to visit Broad Meadows on December 2, 1994. The 12-year-old Pakistani was in the United

**In May 1997, the U.S. ambassador to Pakistan visited Broad Meadows Middle School to congratulate the students and help them celebrate the conclusion of their highly successful campaign. Because of their dedication and persistence, a four-classroom school today offers a measure of hope to more than 200 children in Pakistan's Punjab region.**

# The Ledger

Bob Jabaily, Editor

Tom Diaz, Contributing Writer

Public and Community Affairs Department  
Federal Reserve Bank of Boston  
P.O. Box 2076  
Boston, MA 02106-2076  
Or phone:  
(617) 973-3452

This newsletter is published twice a year as a public service by the Federal Reserve Bank of Boston. The reporting of news about economic education programs and the materials contained herein do not necessarily reflect the views of the Federal Reserve Bank of Boston or the Board of Governors.

Copies of this newsletter and a catalog of other educational materials and research publications may be obtained free of charge by writing:

Publications  
Public and  
Community Affairs  
Federal Reserve Bank of  
Boston  
P.O. Box 2076  
Boston, MA  
02106-2076

internet:  
<http://www.bos.frb.org>  
e-mail:  
[robert.jabaily@bos.frb.org](mailto:robert.jabaily@bos.frb.org)

States to accept the Reebok Human Rights Award for his efforts to focus international attention on child labor abuses.

Iqbal's activism sprang from his own experience in a Pakistani carpet factory. At age four, his family sold him into bondage for \$12 – a practice not uncommon in Pakistan, where an estimated 7.5 million children toil as bonded laborers.

He was forced to work from 4 a.m. to 8 p.m., seven days a week. Sometimes he was chained to his carpet loom; all too often he was beaten. Confinement and malnutrition had so stunted his growth that he was half the size of an American 12-year-old.

When he was ten, Iqbal slipped away from the carpet factory to attend a rally where he spoke publicly of his six years as a bonded laborer. He then refused to return to his owner and began organizing a campaign against child labor. Both his refusal to return to work and his organizing efforts exposed Iqbal and his family to the possibility of retaliation from those who benefited from using bonded labor.

Although his experiences were far removed from those of an American 12-year-old, Iqbal's story had an immediate and dramatic impact on the students at Broad Meadows Middle School. Shortly after his visit, they sent 400 letters to the prime minister of Pakistan and another 150 letters to Massachusetts' two senators. They also contacted 60 local carpet merchants to ask about their policies on selling rugs made by children.

Compelling as they were, the words of a 12-year-old Pakistani boy might not have had the same effect on another group of American kids. But the Broad Meadows students weren't just any group of kids. They had the advantage of working with an extraordinary group of teachers and a supportive school principal.

Even excellent teachers and an enlightened curriculum, however, were not enough to prepare the Broad Meadows students for the shock they received upon hearing the news that Iqbal Masih had been

shot to death near his village in Pakistan on April 16, 1995 – less than six months after visiting Broad Meadows. An investigation by the Human Rights Commission of Pakistan concluded that his death was not related to his efforts to end child labor, but their ruling left many unconvinced.

Regardless of why or how Iqbal had died, the students at Broad Meadows resolved to continue the work begun by the diminutive Pakistani boy who had visited their school and touched their lives. They decided that their memorial would be "A School for Iqbal." Their original goal was to raise \$5,000 to build a one-room school where bonded child laborers in Iqbal's home village might acquire the knowledge that could ultimately help them improve their lives.

Not only did the Broad Meadows students reach their

goal, they went far beyond their original expectations and learned quite a bit in the process. They contacted schools via an educational computer link and asked for \$12 donations (an amount symbolic of the fact that Iqbal was sold into bondage for \$12 and slain at age 12). Contributions came from all 50 states and two dozen foreign countries. Students also enlisted the support of the rock group REM, which contributed \$1,000 and invited the students to raise funds at three of the band's Massachusetts concert appearances. Two years after they began, the Broad Meadows students closed out their fundraising campaign with more than \$147,000.

In May 1997, the U.S. ambassador to Pakistan visited Broad Meadows Middle School to congratulate the students and help them celebrate the conclusion of their highly successful campaign.

**The campaign to establish  
"A School for Iqbal" has been  
included in an exhibit on child  
labor at the Boott Cotton Mill  
Museum in Lowell,  
Massachusetts. The exhibit,  
which runs through May  
1998, chronicles the history  
of child labor in the United  
States and focuses on recent  
worldwide instances of child  
labor. Admission is free.**

**For more information  
contact:  
Boott Gallery,  
Lowell National Historic Park,  
400 Foot of John Street,  
Lowell, MA 01852;  
phone (508) 275-1709.**



Because of their dedication and persistence, a four-classroom school today offers a measure of hope to more than 200 children in Pakistan's Punjab region.

The implications for educators seeking to kindle student interest in international economics, or any other subject for that matter, would seem to be fairly clear. "A School for Iqbal" was a sustained, multi-year effort by the Broad Meadows students who managed to see their project through to the end with little, if any, prompting. Their teachers introduced them to the wider world and offered them guidance. The students then applied themselves and took the learning experience to the next level. If Mr. Adams had simply lectured them on child labor, "A School for Iqbal" might never

have been built. By arranging for Iqbal to visit Broad Meadows, he put a human face on an issue that melded

international economics with human right concerns and, in the process, engaged his students' interest. Even if the students had done nothing more than call local rug merchants to find out if the merchants were selling carpets made by child labor, the teacher would have engaged the students' interest in a real-world issue. But, of course, they went beyond that, and their efforts inspired and captured the imagination of people far beyond the walls of Broad Meadows Middle School.

*For more information on "A School for Iqbal," visit the campaign's web site: [www.digitalrag.com/mirror/iqbal/index.html](http://www.digitalrag.com/mirror/iqbal/index.html).*

Iqbal's visit to  
Broad Meadows,  
December 1994.

**Left to right, back row:**  
Stephan Allsop,  
Amanda Loos,  
Mr. Ron Adams,  
Mrs. Donna Willoughby,  
Amy Papile. **Left to right,**  
**front row:** James Cuddy,  
Iqbal Masih,  
and Jen Brundige.

Photo courtesy of  
Broad Meadows Middle School

**"When students phoned local carpet store managers, a common response from the managers or owners was to tell the students to hang up because child labor was none of their business. Those managers are so wrong. Child labor is everyone's business."**

**-Ronald G. Adams,  
Broad Meadows Middle School**

## Shared Knowledge

# Don't Take Ulysses for Grant-ed: Redesigned \$50 Notes to Be Issued this Fall

President Ulysses S. Grant was not about to be outdone by his colleague, Ben Franklin. If Franklin can get a make over, why can't Grant? After all, Grant was a President.

Last year, the Federal Reserve issued newly designed \$100 bills with security features that have already reduced the incidence of counterfeiting. In the first year of circulation, counterfeits of Series

**The new \$50 note will replace the older bills gradually, much the way the new \$100 bills did. As older notes reach the Federal Reserve from depository institutions, they will be destroyed and replaced by the newer ones.**

1996 \$100 bills were detected by the Secret Service 18 times less frequently than counterfeits of older \$100 notes. In keeping with the plan to redesign all U.S. currency by the year 2000, the Federal Reserve is introducing the next bill, the redesigned \$50 note, this fall.

Although the changes are not extreme, they are necessary because of the availability of high-quality photocopiers, scanners, and color printers, all of which have made counterfeiting easier. The changes will make life harder for counterfeiters, but Treasury Secretary Robert Rubin stresses that the new currency will retain its "American look and feel."

Will the new bill's release mean that the older ones will be devalued or worthless? Will there be a major recall of older bills? Fed Chairman Alan Greenspan assures domestic and foreign holders of U.S. currency that all existing notes will continue as legal tender at full face value. "As with the \$100 note, older notes will not be recalled or devalued," said Chairman Greenspan.

The new \$50 note will replace the older bills gradually, much the way the new \$100 bills did. As older notes reach the Federal Reserve from depository institutions, they will be destroyed and replaced by the newer ones. Chairman Greenspan said: "We expect as smooth an introduction process as we experienced last year, when millions of users of U.S. currency embraced the new \$100 notes."

### New Security Features

The redesigned \$50 bill has many of the same security features as the new \$100 bill:

- A larger, slightly off-center portrait: The larger portrait of Grant will incorporate more detail, making it easier to recognize and more difficult to reproduce with clarity. Relocating the portrait from the center, the highest area for wear, will also reduce wear on the portrait.

- A watermark identical to Grant's portrait visible on both sides of bill: This watermark is visible only when held up to the light. The borders of the note have been simplified to make the watermark easier to see.

- Security thread: Under normal conditions, the security thread cannot be seen since it is embedded vertically in the paper to the right of the portrait. If held to a bright light, the words "USA 50" and an American flag can be seen on this thin security thread, and when held under ultraviolet lighting, the polymer thread has a yellow glow. (On Series 1996 \$100 notes, the security thread is to the left of the portrait and glows pink or red when held under ultraviolet light.)

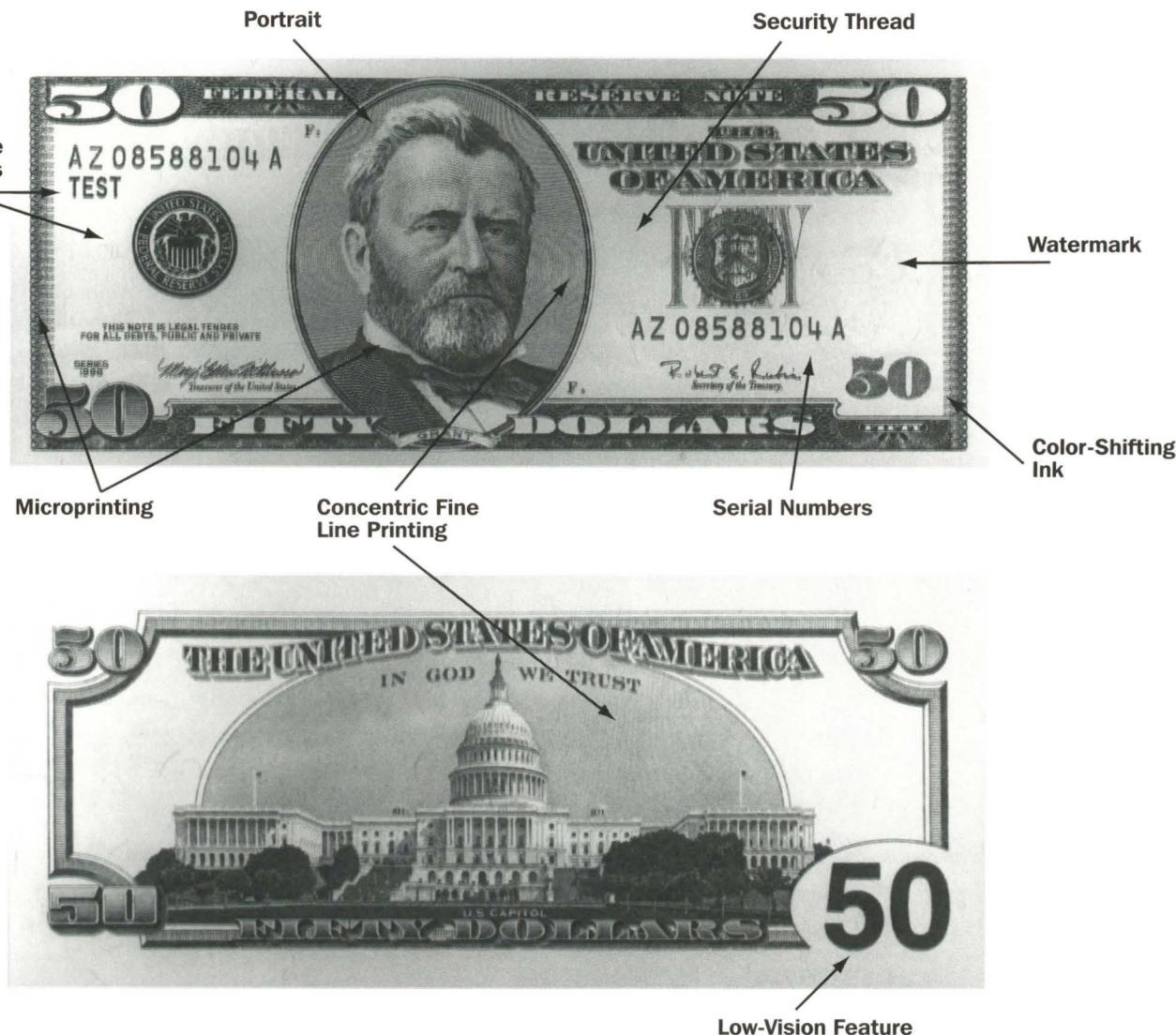
- Color-shifting ink: The number "50" in the front lower right corner of the bill looks green when viewed straight on, but black at an angle.

- Serial numbers: An additional letter has been added to the serial number. The letter and number under the left serial number identifies the issuing Federal Reserve Bank.

- Federal Reserve markers: A new seal represents the Federal Reserve System. The new seal replaces the circular, saw-toothed seal, which had a letter that indicated the issuing Federal Reserve Bank.

- Microprinting: "The United States of America" is microprinted (printed so small that it is difficult to replicate) in Grant's collar and "Fifty" is repeated within both side borders on the front of the note.

- Concentric fine line printing: The fine lines printed behind Grant's portrait and the U.S. Capitol Building are very difficult to replicate. These fine lines replace the panoramic view of Washington D.C. in the background of the U.S. Capitol Building.



- Low vision feature: The new \$50 bill will also break new ground. It is the first Federal Reserve Note designed for the visually-impaired or the elderly: A large, dark, no-frills number "50" on a light background in the back lower right corner should make the note easier to read for the approximately four million Americans who have low vision. With strong backing from advocacy groups such as the Council of Citizens With Low Vision International and the American Association of Retired Persons, this low vision feature will be included on all new currency.

Next in line is Andrew Jackson's \$20 bill, which is scheduled to be issued in the summer of 1998.

#### Teaching Materials

Sorry, no free samples of new currency are available. However, the Federal Reserve Bank of Boston has color posters, pamphlets, and information kits that provide easy-to-understand information about

the changes and new features on the Series 1996 currency, including the \$50 and \$100 bills. They are great for classroom use, and they are available, free of charge, to teachers in the First Federal Reserve District. In addition, a brochure, *Currency Points*, is available as an educational tool. To obtain any of these materials, please write to:

**Public & Community Affairs  
Federal Reserve Bank of Boston  
P.O. Box 2076  
Boston, MA 02106-2076  
Or call 617-973-3459  
To request by fax:  
617-973-3511**

## Back to Basics

# Jump\$tar<sup>t</sup> Coalition's Goal: "Financial Smarts for Students"

Most parents can attest to the fact that financial acumen varies from child to child. One sibling handles money skillfully, while another never has two coins to rub together. Surprising?

Not really. After all, parents also handle money with varying degrees of skill, and results from a recent survey indicate that 60% of students say they learn most of what they know about managing their money "at home from my family."

The nationwide survey was sponsored by the Jump\$tar<sup>t</sup> Coalition for Personal Finance and Literacy and conducted by Lewis Mandell, an economist and researcher who is Dean of Business at Marquette University. More than 1500 high school seniors from across the United States were asked questions on a wide range of topics and concepts such as taxes, retirement, insurance, credit use, inflation, and budgeting.

Students were also asked to name the most difficult money management problems faced by people their age and by adults who have families. The most frequently mentioned problem for their age cohort was "spending on things that they really didn't need" and "difficulty in saving," particularly for college.

Adults said paying bills, budgeting, and supporting children were the most serious difficulties they faced.

Jump\$tar<sup>t</sup> Coalition, based in Washington, D.C., is a non-profit organization whose nearly 20 members include federal agencies, universities, non-profit associations, and sponsors of education programs. The coalition wants to increase public awareness that personal finance management is a fundamental life skill that needs to be taught. Its goal is that, by the year 2007, every graduating high school student will have the skills to be financially competent. That means students will need to acquire skills and understand concepts in four core areas: income, money management, saving and investment, and spending. Under "money management," for example, students will learn to identify the opportunity cost of a financial decision as applied to income, spending, and saving; develop, analyze, and revise personal financial budgets; use checking and savings accounts; and establish and evaluate short- and long-term financial goals and plans regarding income, spending, and saving. Ultimately, the coalition would like to see a dramatic improvement in adults' ability to manage their finances, as evidenced by a reduction in credit card delinquencies and bankruptcy filings.

**"We want [students] to know the how-to's of personal finance – how to manage a household budget, how to plan for retirement, and how a mortgage works," says Jump\$tar<sup>t</sup> Coalition Chairman H. Randy Lively. "We want them to know how to establish a good credit history, how to cover their insurance needs, and how to balance a checkbook. In short, we want them to be prepared for the everyday financial realities that all of us face as adult consumers."**

"We want [students] to know the how-to's of personal finance – how to manage a household budget, how to plan for retirement, and how a mortgage works," says Jump\$tar<sup>t</sup> Coalition Chairman H. Randy Lively. "We want them to know how to establish a good credit history, how to cover their insurance needs, and how to balance a checkbook. In short, we want them to be prepared for the everyday financial realities that all of us face as adult consumers."

Jump\$tar<sup>t</sup>'s major initiatives fall into three broad categories: 1) Evaluate the current and future levels of financial literacy of young adults. Results from the coalition's recent survey will serve as a baseline measurement by which to gauge progress toward the goal of financial competency among 12th graders by the year 2007. Current plans call for measurement surveys every other year over the

**continued on page 15**



**"Find what is good, and praise it"**

## **From Mt. Washington to Washington, D.C.: Team from Gorham, NH Represents First District in Fed Challenge '97**

If it's true that "students learn best by doing," then those who participate in Fed Challenge are certain to learn a great deal. The object of the annual competition is to help high school students learn more about the Federal Reserve's role in the economy and the intricacies of monetary policy. Five-member student teams conduct research, analyze economic data, and recommend a specific course for monetary policy. Then they go before a panel of judges and present their recommendations as if they were participants in a meeting of the Federal Open Market Committee (FOMC), the monetary policy arm of the Federal Reserve.

Fielding a team requires time, energy, perseverance, and a certain degree of optimism. And even with all that, there's no guarantee that hard work and true grit will result in a trip to the national finals in Washington, D.C. Before reaching that point, a team must win the regional semifinal and final rounds in its home Federal Reserve District.

All fifteen teams that competed in the 1997 Boston Federal Reserve district semifinals turned in noteworthy performances. Selecting just one for the Washington round was neither an easy nor an enviable task, but in the end the judges chose the team from Gorham High School (Gorham, New Hampshire) to represent the First District in the national finals. The judges were impressed not only by the quality of Gorham's presentation but also by their ability to handle questions – a good indication of how well a team understands the complexities of monetary policy.

The kids from Gorham were intelligent, conscientious, resourceful, and unflappable. Dave Arsenault, Kathy Fortin, Rick Eichler, Chad Miller, and Peter Terew are five of the most enjoyable people, young or old, you could ever hope to meet – a notable exception to the prevailing, but unfortunate, notion that high achievers must also be lean, mean, and temperamental. Regardless of how much pressure they were under, Dave, Kathy, Rick, Chad, and Peter always treated one another with genuine respect and affection.

Their teacher, Mike Brosnan, had a lot to do with that. If a group of parents and students were asked to list the qualities that make a teacher special, chances are good that their list would describe someone a lot like Mr. Brosnan. He has a gift for drawing the best effort from his students without being overbearing or adding to their anxiety level.

The kids from Gorham also drew strength from the place they call home. Five thousand people live in Gorham, New Hampshire, and by most any measure, it seems like a grand place to live. Students still make May baskets for town employees, and most of the townspeople still think it's important to support local merchants.



**Fed Challenge '97 winners from the First Federal Reserve District: Gorham High School, Gorham, NH (left to right) Mike Brosnan (teacher), Chad Miller, Kathy Fortin, Rick Eichler, Peter Terew, and Dave Arsenault.**

Gorham also sits at the foot of Mt. Washington in a region that some people might refer to as "remote." Road signs remind motorists that colliding with a moose can have dire consequences. There are no large universities, big banks, or investment companies near Gorham – no place to

recruit an expert coach to serve as a guide through the vagaries of monetary policy.

The team from Gorham High made it to the Fed Challenge finals all on its own. A staff member from the Boston Fed's Public and Community Affairs Department visited their school once to acquaint the team with the basics of the Federal Reserve System, but after that, they relied on the Internet and their own initiative to put together a topnotch presentation.

They became skillful readers of *The Wall Street Journal* and frequent web site "visitors" to the Federal Reserve, the U.S. Department of Commerce, and the U.S. Department of Labor. By the time they were finished, they were very familiar with the consumer price index, real GDP, nonfarm payroll employment, housing starts, industrial production/capacity utilization, retail sales, the producer price index, and a few other indicators as well.

Their efforts won them the right to compete against three other exceptional teams in the 1997 national finals at the Board of Governors of the Federal Reserve System in Washington: Rumson-Fair Haven High School (Rumson, New Jersey) represented the Second Federal Reserve District (New York); Calvert Hall College High School (Towson, Maryland) represented the Fifth Federal Reserve District (Baltimore Branch of the Federal Reserve Bank of Richmond); and Bryan High School (Bryan, Texas) represented the Eleventh Federal Reserve District (Dallas).

Each team, in turn, took seats at the imposing oval table in the same room where members of the FOMC determine the course of monetary policy.

Each made a twenty-minute presentation and responded to ten minutes of questions from a three-member panel of judges whose credentials make the word "expert" seem redundant: Alice Rivlin, Vice Chairman, Board of Governors of the Federal Reserve System; J. Alfred Broaddus, President, Federal Reserve Bank of Richmond; and Donald L. Kohn, Director, Division of Monetary Affairs, Board of Governors of the Federal Reserve System.

**After the finals, as everyone exchanged congratulations and chatted easily, one thing was apparent: The first place trophy was not the only "grand prize." Students from all four teams had spent months immersing themselves in unfamiliar material, organizing it into a coherent presentation, and competing in a series of pressure-packed contests. Along the way, they had learned things about commitment, and about themselves, that were likely to remain with them long after the competitive aspect of the Fed Challenge had faded. They had completed a tough assignment and attained a level of competence many of them had not thought possible at the outset.**

One of the things that made the finals so interesting to watch was the fact that the teams didn't all take the same approach. One team did a nearly flawless role play, in which each student took the part of an FOMC member. Their ability to stay "in character" while responding to the judges' questions made their presentation all the more effective.

Students on another team approached their presentation as if they were advisers to the FOMC rather than actual FOMC members. And not all teams made the same policy recommendation. The majority were "inflation hawks," but one team made a cogent argument for holding rates steady.

The one thing that all four teams had in common was the extraordinary amount of time and effort they had devoted to preparing for the national finals. Their arguments were clear and concise; their presentations were smooth and "professional." All four teams augmented their presentations with computer-generated graphics.

Speaking for the panel of judges, Fed Governor Rivlin praised all the participants and told them she would feel comfortable turning over the conduct

**continued on page 15**

# First District Participants in Fed Challenge '97

Working with Fed Challenge participants is a reward in itself. They are exceptional people who bring a high level of intelligence, energy, and commitment to the experience. What follows is a list of the First District teachers, students (including alternate team members), coaches, and judges who took part in Fed Challenge '97. Congratulations!

## Boston Latin Academy, Boston, MA

Teacher: James Williams  
Coach: Winston Chiong, University of Massachusetts/Boston  
Jason Daley Tan Sai  
Stephanie Crayton Eugenio Santiago  
Victor Dambrava Cassandra Villari

## Boston Latin School, Boston, MA

Teacher: Albert Barnor  
Coach: Ed Shea,  
Institutional Performance Group  
See Von Chau Robin Hollandburke  
Chien Chen Janake Sanariya  
Jenny Chen Catherine So  
Kevin Costa Maria Vieira  
Catherine Hilly

## Brookline High School, Brookline, MA

Teacher: Thomas Ladenburg  
Coach: Harold Petersen, Boston College  
Matthew Burke Lena Romanova  
Stephanie Chiu Rachel Strom  
Irena Kucheneva Peter Tam  
Eli Richlin Mikela Urgo

## Gorham High School, Gorham, NH

Teacher: Michael Brosnan  
Dave Arsenault Chad Miller  
Rck Eichler Peter Terew  
Kathy Fortin

## Lewiston High School, Lewiston, ME

Teacher: Joan Macri  
Kevin Castonguay Andrea L'Heureux  
Kelly Deschenes Angela Longchamps  
Andrea Leclair Nicole Pelletier

## Providence Country Day School, East Providence, RI

Teacher: Frank McFarland  
Coach: Michael Edwards  
Citizens Financial Group  
Erik Bissonette John Leffers  
Allyson Giard Seth Mrozek  
Latha Heyman Mathew Stutz  
John Kazianis William White

## Quincy High School, Quincy, MA

Teacher: George Smith  
Mark Belanger Dennis Kohut  
Kevin Connolly Danielle Rinaldi  
Matthew Langille John Tormey  
Tommy Leung

## Rocky Hill School, East Greenwich, RI

Teacher: Donna Chace  
Coach: Peter Harman  
Rhode Island College  
Benjamin Brillat Roy Richardson  
Ericka Hanson Zachery Taylor  
J.K. Lee Timothy Trafford  
Rebecca Lee

## Roxbury Latin School, West Roxbury, MA

Teacher: David Rea  
Coach: Robert Murphy  
Boston College  
Daniel Kibler-Stearns Craig Perry  
Jay Lugosch Seamus Ryan  
James Muspratt

## St. Dominic Regional High School, Lewiston, ME

Teacher: Rosanne Ducey  
Coach: Michael Murray  
Bates College  
Nicole Bouttenot Brendan O'Brien  
Kristine Braley Jonathan Rehagen  
Kendra LaRoche Heidi Solander

## St. John's High School, Shrewsbury, MA

Teacher: Robert Reidy  
Coach: Maurice Weinrobe  
Clark University  
Joshua Barlow Bryan Jalbert  
Ryan Casillo Tim Richer  
Aaron Gill

## Sandwich High School, Sandwich, MA

Teacher: Bill Hulick  
Andy Aboltin Kristina Kelly  
Alison Bissett Andy Newman  
Owen Concannon

## South Boston High School, South Boston, MA

Teacher: Richard Glennon  
Coach: Greg Swinand  
Boston College  
Ricardo Borgos Freddy Smith  
Winston Daley Tram Vu  
Maria Figueroa Tara Watts  
Licinio Pires Camille Williams  
Marissa Raspberry

## South Portland High School, South Portland, ME

Teacher: Peter Small, Jr.  
Coach: Regan Ashbaugh  
Smith Barney  
Ed Buck Mike McClowd  
Fred Follansbe Tom McGowan  
Shaun Johnson Jocelyn O'Brien

## Wachusett Regional High School, Holden, MA

Teacher: Lawrence Jaquith  
Coach: Wayne Gray  
Clark University  
James Beaudreau Brian Surette  
Mike Berard Clay Vorhees  
Travis Bright Ryan Wood  
Brian Sullivan

## Judges

Lynn Browne,  
Federal Reserve Bank of Boston

Garret Cowenhoven,  
Daniel Webster College

Robert Eisenmenger,  
Federal Reserve Bank of Boston  
(retired)

Norman Fieleke,  
Federal Reserve Bank of Boston  
(retired)

Jeffrey Fuhrer,  
Federal Reserve Bank of Boston

Louis Harvey, Dalbar, Inc.

Richard Kopcke,  
Federal Reserve Bank of Boston

Harold Lawber,  
Salve Regina College

Jane Little,  
Federal Reserve Bank of Boston

Stephen McNees,  
Federal Reserve Bank of Boston  
(retired)

Richard Nagle,  
Massasoit Community College

Anthony Quinn,  
Colby Sawyer College

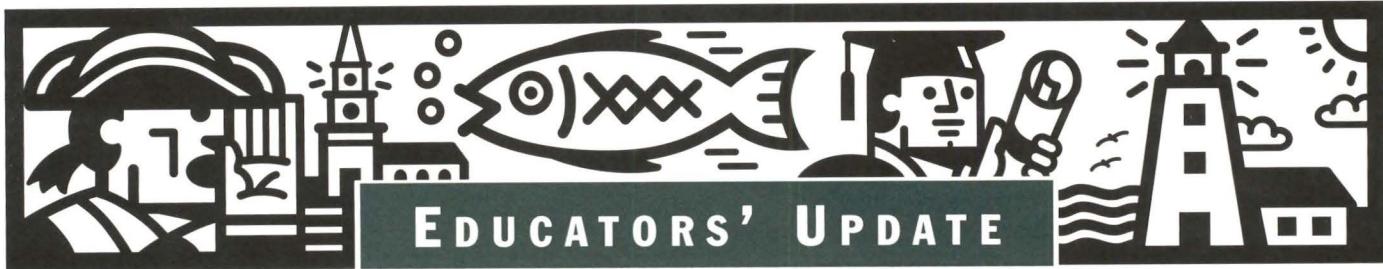
John Romps, St. Anselm's College

Eric Rosengren,  
Federal Reserve Bank of Boston

Walter Sawyer,  
Bristol Community College

Richard Tresch, Boston College

Susan Wheeler, Mount Ida College



## EDUCATORS' UPDATE

### NCEE Develops Voluntary National Content Standards in Economics

*"Most Americans know that there is no such thing as a free lunch. The problem is, most Americans have never been taught why."*

*—Introduction to the National Council on Economic Education web site*

The National Council on Economic Education (NCEE) has been working since 1949 to foster economic literacy by teaching teachers, designing curriculum materials, and conducting research. Its nationwide network of more than 300 affiliated state councils and centers, known collectively as Economics-America, provides economic education to more than 120,000 teachers a year.

When economics was included as one of nine subject areas in the *Goals 2000: Educate America Act of 1994*, the NCEE was designated by the U.S. Department of Education to develop nationwide content standards. But in 1995, cancellation of government funding put the entire effort in jeopardy.

Then, as sometimes happens, one door closes and another opens. The AT&T Foundation, the Calvin K. Kazanjian Economics Foundation, and the Foundation for Teaching Economics stepped up

and provided enough money to complete the project.

Development of the national standards was a collaborative effort that included representatives from the National Association of Economic Educators, the National Council for the Social Studies, the American Economic Association Committee on Economic Education, the Federal Reserve Banks, readers of the Advanced Placement Exams in Economics, the National Association of Business Economists, and a specially-convened group of university economists. This broad-based coalition formed a Writing Committee and a formal Review Committee. The two committees worked together on a series of ten drafts that ultimately evolved into a set of 20 economics content standards.

Each of the 20 standards is based on an essential principle of economics. For example, Standard 7 states that, "Markets exist when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services."

Each standard is accompanied by a rationale for its inclusion. The rationale explains to educators, parents, and citizens why it is important for students to understand that particular standard, and how everyone might benefit from that understanding. There is also a set of benchmarks for each standard. The benchmarks, which

are divided into achievement levels for grades 4, 8, and 12, help to develop the economic reasoning behind the standard.

One of the interesting things about the standards is the way they treat the language of economics. They were written so that parents, teachers, and the general public can understand what the standards mean and what they require students to do. Terms that are a fixture of nearly every introductory economics text ever published—terms such as "economies of scale" and "the multiplier"—do not appear in the standards. The writing and review teams included the concepts but made a conscious effort to couch them in clear, accessible language.

In the preface to the NCEE's Voluntary National Content Standards in Economics, Project Director Bonnie Meszaros and Writing Committee Chair John Siegfried express their vision for what they hope the standards will accomplish:

*"These national voluntary content standards for pre-college economics education should make it easier to incorporate the powerful fundamental principles of economics into elementary and secondary school curricula. They are offered as a resource for states and local school districts, for individual schools, and for teachers, who are the people ultimately responsible for specifying and integrating the curriculum into their schools."*

The 20 content standards are listed beginning on page 11, and the complete text of Voluntary National Content Standards in Economics is available on the NCEE's web site ([www.nationalcouncil.org](http://www.nationalcouncil.org)).

### Hold the Date!

The Public and Community Affairs Department of the Boston Fed will host The Educators' Forum on Monetary Policy, a one-day workshop for First District secondary school teachers, on Friday, January 23, 1998. For details, call Julia Stewart, Economic Education Supervisor, at (617) 973-3639, and watch your mail for more information.

# Voluntary National Content Standards in Economics

**1:** Productive resources are limited. Therefore, people cannot have all the goods and services they want; as a result, they must choose some things and give up others.

**2:** Effective decision making requires comparing the additional costs of alternatives with the additional benefits. Most choices involve doing a little more or a little less of something; few choices are all-or-nothing decisions.

**3:** Different methods can be used to allocate goods and services. People, acting individually or collectively through government, must choose which methods to use to allocate different kinds of goods and services.

**4:** People respond predictably to positive and negative incentives.

**5:** Voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and among individuals or organizations in different nations.

**6:** When individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase.

**7:** Markets exist when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.

**8:** Prices send signals and provide incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives.

**9:** Competition among sellers lowers costs and prices, and encourages producers to produce more of what consumers are willing and able to buy.

Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.

**10:** Institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution clearly defined and well enforced property rights, is essential to a market economy.

**11:** Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.

**12:** Interest rates, adjusted for inflation, rise and fall to balance the amount saved with the amount borrowed, thus affecting the allocation of scarce resources

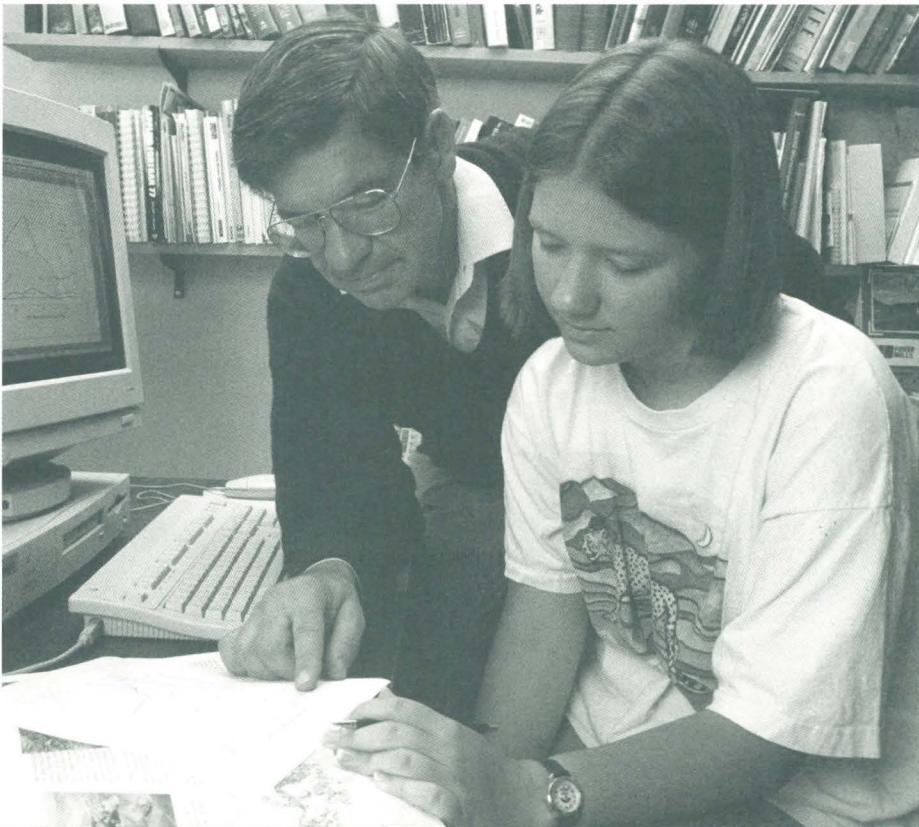
between present and future uses.

**13:** Income for most people is determined by the market value of the productive resources they sell. What workers earn depends, primarily, on the market value of what they produce and how productive they are.

**14:** Entrepreneurs are people who take the risks of organizing productive resources to make goods and services. Profit is an important incentive that leads entrepreneurs to accept the risks of business failure.

**15:** Investment in factories, machinery, new technology, and the health, education, and training of people can raise future standards of living.

**16:** There is an economic role for government to play in a market economy whenever the benefits of a government





policy outweigh its costs. Governments often provide for national defense, address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Most government policies also redistribute income.

**17:** Costs of government policies sometimes exceed benefits. This may occur because of incentives facing voters, government officials, and government employees, because of actions by special interest groups that can impose costs on the general public, or because social goals other than economic efficiency are being pursued.

**18:** A nation's overall levels of income, employment, and prices are determined by the interaction of spending and production decisions made by all households, firms, government agencies, and others in the economy.

**19:** Unemployment imposes costs on individuals and nations. Unexpected inflation imposes costs on many people and benefits some others because it arbitrarily redistributes purchasing power. Inflation can reduce the rate of growth of national living standards, because individuals and

organizations use resources to protect themselves against the uncertainty of future prices.

**20:** Federal government budgetary policy and the Federal Reserve System's monetary policy influence the overall levels of employment, output, and prices.

To find out more about the full range of economic education resources available through NCEE and its EconomicsAmerica affiliate, contact the Economic Education Council in your state. In the New England region, Connecticut, Maine, Massachusetts, and Rhode Island have active and thriving Economic Education Councils and Centers:

**Connecticut Council on Economic Education**  
c/o Economic Education Center  
University of Connecticut at Avery Point  
1084 Shennecosset Road  
Groton, CT 06340  
Phone: (860) 405-9215

**Maine Council on Economic Education**  
University of Southern Maine  
P.O. Box 9715-159  
Portland, ME 04104  
Phone: (207) 780-5926

**Economic Education Council of Massachusetts**  
Bridgewater State College  
Bridgewater, MA 02325  
Phone: (508) 279-6125

**Rhode Island Council on Economic Education**  
Rhode Island College  
Providence, RI 02908  
Phone: (401) 456-8037

If you live outside New England and would like to find out the address of the Economic Education Council in your state, please contact:

**EconomicsAmerica**  
National Council on Economic Education  
1140 Avenue of the Americas  
New York, NY 10036  
Phone: 1-800-338-1192

## Excellent Resources... And They're Free

Three other Federal Reserve Banks publish economic education newsletters. If you are not already on their mailing lists, you ought to be. In alphabetical order, by title, they are:

### *Equilibria*

*Equilibria* strives to make economics approachable, and even entertaining—to give teachers tools with which to hold students' interest. Some *Equilibria* articles explore the logic of economics in a format that is simple, but not simplistic. Other articles inform educators of available teaching resources. *Equilibria* is scheduled to appear roughly twice per semester.

**Equilibria: Subscriptions**  
Public Affairs Department  
Federal Reserve Bank of Richmond  
P.O. Box 27622  
Richmond, VA 23261  
Phone: (804) 697-8109

### *Inside the Vault*

*Inside the Vault* is an economic education newsletter published twice a year by the Federal Reserve Bank of St. Louis. It features topics related to money, banking, and the economy and provides educators with information on upcoming seminars/conferences as well as literature and materials available to them.

**Editor**  
**Inside the Vault**  
Federal Reserve Bank of St. Louis  
P.O. Box 442  
St. Louis, MO 63166  
Phone: (314) 444-8421

### *On Reserve*

*On Reserve* is published three times a year by the Federal Reserve Bank of Chicago as a public service to educators to promote the teaching of economics. It explores economic and consumer education topics and includes suggested related reading materials. Each issue of *On Reserve* always includes a lesson plan related to its main article.

**On Reserve**  
Public Information Center  
Federal Reserve Bank of Chicago  
P.O. Box 834  
Chicago, IL 60690  
Phone: (312) 322-5112



## Fed Ed on the Web

The 12 Federal Reserve Banks and Federal Reserve Board of Governors offer a variety of economic education materials on their web sites.

### Boston Fed

[www.bos.frb.org/educate/educate.htm](http://www.bos.frb.org/educate/educate.htm)

The Federal Reserve Bank of Boston recognizes the rapid increase of Internet usage and has set up a web site to serve financial institutions, businesses, community-based organizations, the general public, and, of course, educators.

To assist you with economic education, we now have a section on our web site that you may find useful, and we want you to know about its many offerings. Here is a quick preview of what's available right at your fingertips:

#### Economic Education Programs.

There are a number of programs on various economic topics available to teachers from K-12, including lectures, presentations, and speeches. Find out the details of such topics as basic banking, currency and counterfeiting, the Federal Reserve, and more. We also offer workshops to help teachers incorporate the Fed's economic education materials into their curriculum.

**Fed Challenge.** Learn more about Fed Challenge, an annual competition designed to help high school students learn more about the Fed's role in monetary policy. Students research and analyze data about current and near-term economic conditions, recommend a specific course for monetary policy, and present their findings to a panel of economists. Preparation for

1997-98 Fed Challenge will start soon, so check out our web site for more details.

**Practice Quiz.** Test your knowledge of Federal Reserve topics and economic issues (under the Fed Challenge section). Anyone interested in economics or the Fed is welcome to take the quiz.

**Consumer Education.** If caveat emptor is your motto, then the Boston Fed's consumer education programs may interest you. The Boston Fed has consumer affairs information on senior citizens programs, mutual funds, and the upcoming National Consumers Week this fall. (Contact: Deborah Bloomberg at 617-973-3473 or e-mail: deborah.bloomberg@bos.frb.org)

**Tours of the Boston Fed.** Students and teachers can visit the Federal Reserve Bank of Boston. We begin by introducing the Federal Reserve System and the operations of the Boston Fed. The tour takes visitors past our cash services, check collection, funds and securities transfer, automated clearing house, and computer operations departments. (Contact: Julia Stewart at 617-973-3639 or e-mail: julia.d.stewart@bos.frb.org)

**Catalog of Educational Materials.** If you are looking for Federal Reserve economic education publications, look no further. Our complete on-line catalog lists not only pamphlets and booklets, but audiovisual materials, presentations, and other teaching materials as well. Order directly via the Internet, or call 617-973-3459.

### Federal Reserve Board of Governors

[www.bog.frb.fed.us](http://www.bog.frb.fed.us)

**FOMC.** A special page on the Federal Open Market Committee includes a cal-

endar of FOMC meetings, minutes of past meetings, and a list of current voting members on the FOMC.

Federal Reserve Statistical Release, Federal Reserve Press Releases, and Links to the Treasury Department are also found at this URL.

### Atlanta Fed

[www.frbatlanta.org/about/eco\\_educa/index.html](http://www.frbatlanta.org/about/eco_educa/index.html)

**Monetary Museum.** Text items from the exhibits in the Federal Reserve Bank of Atlanta's Monetary Museum.

**“Partners” Mortgage Loan Qualification Software.** Easy-to-use software enables you to calculate how much of a loan you can qualify for – before you go shopping for a house.

### Chicago Fed

[www.frbchi.org/educator/welcome.html](http://www.frbchi.org/educator/welcome.html)

**On Reserve.** A newsletter published three times a year exploring economic education topics, with suggested related reading materials and teaching activities. (Acrobat® Reader software needed to view, but easily downloadable).

### Cleveland Fed

[www.clev.frb.org](http://www.clev.frb.org)

**Publications.** Descriptions of publications available from the Federal Reserve Bank of Cleveland.

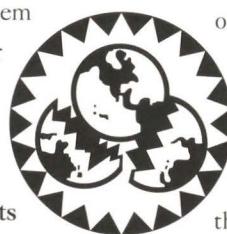
### Dallas Fed

[www.dallasfed.org/econedu/edu.html](http://www.dallasfed.org/econedu/edu.html)

**Economic Education.** Learn about various programs, contests and competitions for students, plus resources for both students and teachers.

**Kansas City Fed**[www.kc.frb.org/pubaffrs/paeconed.htm](http://www.kc.frb.org/pubaffrs/paeconed.htm)**Federal Reserve System Video.**

This video package represents the largest effort by the Federal Reserve System to produce and distribute a major educational resource across the country. It is free of charge to educators.

**Resources for Economists**

**and Economic Educators.** Enhance your economic educator web link library with some more useful sites.

**Minneapolis Fed**[woodrow.mpls.frb.fed.us/econed/index.html](http://woodrow.mpls.frb.fed.us/econed/index.html)

**Our Money.** U.S. currency curriculum complete with review questions and teacher's guide.

**Economics Challenge.** Although intended for local competition, anyone can take this enlightening quiz.

**New York Fed**[www.ny.frb.org/pihome/educator/](http://www.ny.frb.org/pihome/educator/)

**Instructional Materials and Activities.** Hands-on activities such as the interactive Econ Explorers Club for elementary and middle school students and the FOMC Simulation.

**Savings Bond Redemption Calculator.** ([www.ny.frb.org/pihome/svg\\_bnds/sb\\_val.html](http://www.ny.frb.org/pihome/svg_bnds/sb_val.html)) Calculate how much return you will get on your savings bond.

**Philadelphia Fed**[www.phil.frb.org](http://www.phil.frb.org)**Cash Quiz.**

([www.phil.frb.org/organiz/cashquiz.html](http://www.phil.frb.org/organiz/cashquiz.html)) Another test of your knowledge of U.S. currency.

**Frequently Asked Questions.**

([www.phil.frb.org/faq&web/faq.html](http://www.phil.frb.org/faq&web/faq.html)) A great list of economics-oriented questions and answers organized by category.

**National Council on Economic Education's Virtual Economics.** Learn

more about this CD-ROM program that puts you inside a huge library of economics reference books, lesson plans, student hand-outs, teaching strategies, tests and other curriculum materials.

**What Is a Dollar Worth?**

This computes the value in 1997 dollars of a good or service purchased in a previous year using the Consumer Price Index.

**Teacher Links.** Listing of helpful economic education links.

**Richmond Fed**[www.rich.frb.org/econ/index.html](http://www.rich.frb.org/econ/index.html)

**Econ-Exchange.** A semiannual publication with practical classroom activities for K-12 teachers.

**Equilibria.** An economic education bulletin that explains the logic of economics and describes resources available to educators.

**Economic Online Discussion.** Message board discussion by economists throughout the Fifth District. Coming Soon.

**FAQ.** More answers to frequently asked questions about economics.

**Resources List.** Comprehensive listing of U.S. government sites and economic sites.

**St. Louis Fed**[www.stls.frb.org/pubinfo/econed/](http://www.stls.frb.org/pubinfo/econed/)*Inside the Vault.*

Newsletter for educators.

**Money Challenge Quiz.**

Fun quiz about the change and bills in our pockets.

**Q&A.** Find out the answers to popular questions about the Fed.

**Federal Reserve Economic Data (FRED).**

Comprehensive, up-to-date database providing historical U.S. economic and financial data, including daily U.S. interest rates, monetary and business indicators, exchange rates, and more.

**San Francisco Fed**[www.frbsf.org/econedu/index.html](http://www.frbsf.org/econedu/index.html)

**Curriculum Packages.** Includes interactive activities such as Monetary and Fiscal Policy Interactive Computer Simulations, Muffin Market, and the Federal Reserve.

**Money and Economy Modular Series.**

Download short, computer animated videos (Quick Time software required, also downloadable) about different topics in economics.

**Treasure Hunt.** Ahoy thar matey!

Begin a journey through the Great Economic Timeline and learn about important economists while gathering answers to unlock the ancient treasure chest.



**Teacher Links.** Listing of helpful economic education links.

*We invite your questions and comments regarding the Boston Fed or any other Federal Reserve web site. Please contact Tom Diaz (phone: 617-973-3895 or e-mail: [thomas.e.diaz@bos.frb.org](mailto:thomas.e.diaz@bos.frb.org)) or Julia Stewart (phone: 617-973-3639 or e-mail: [julia.d.stewart@bos.frb.org](mailto:julia.d.stewart@bos.frb.org)).*

## **Jump\$tar<sup>t</sup>** continued from page 6

next ten years.

2) Disseminate teaching guidelines for grades K-12. Jump\$tar<sup>t</sup>'s educator guidelines – which received input from a panel of elementary, middle school, and high school teachers as well as numerous other educators throughout the country – provide a recommended scope of personal finance topics and concepts to be taught in U.S. classrooms. The coalition will seek the support of state and local officials in adopting these guidelines for use within their own jurisdictions.

3) Operate a national clearinghouse. Jump\$tar<sup>t</sup>'s clearinghouse will serve as a one-stop information source for high-quality materials intended to help educators teach the skills and concepts covered by the coalition's guidelines.

The coalition hopes to have its clearinghouse operational during the 1997-98 school year. Its web site is already up and running ([www.jumpstart-coalition.org](http://www.jumpstart-coalition.org)). As of July 1997, the web site carried the Coalition's mission statement, guidelines/desired outcomes for the program, a listing of educational materials available from a variety of organizations, and Coalition news releases.

**Contact information: Dara Duguay,  
Executive Director  
Jump\$tar<sup>t</sup> Coalition  
919 Eighteenth Street, NW  
3rd Floor  
Washington, D.C. 20006  
phone:  
(202) 466-8610  
fax: (202) 223-0321  
web site: [www.jumpstartcoalition.org](http://www.jumpstartcoalition.org)**

## **Fed Challenge '97** continued from page 8

of monetary policy to any of the four teams. She noted that Rumson-Fair Haven had a very strong presentation and was strong on teamwork; Gorham was very strong on regional considerations, laid the issues out well, and was strong in its responses to the judges' questions; Calvert Hall's presentation was analytical, sophisticated, and well-reasoned, and they handled questions very well.

When all was said and done, however, the national championship went to the team from Bryan High School. Governor Rivlin observed that Bryan's presentation was most like an FOMC meeting. They stated the issues well, were adept at responding to questions, and, as a result, took home the Benjamin Strong Cup to Bryan, Texas for the second consecutive year.

Yet after the finals, as everyone exchanged congratulations and chatted easily, one thing was apparent: The first place trophy was not the only "grand prize." Students from all four teams had spent months immersing themselves in unfamiliar material, organizing it into a coherent presentation, and competing in a series of pressure-packed contests. Along the way, they had learned things about commitment, and about themselves, that were likely to remain with them long after the competitive aspect of Fed Challenge had faded. They had completed a tough assignment and attained a level of competence many of them had not thought possible at the outset.

As Fed Challenge '97 drew to its official close, Dave Arsenault, Rick Eichler, Kathy Fortin, Chad Miller, and Peter Terew changed out of their "banker outfits," said good-bye to everyone, walked down the steps of the Board of Governors, and went looking for an expanse of green where they could toss a Frisbee and un-

wind before their flight home.

True, they were going back to Gorham without the first place trophy, but they were also going home without a trace of regret or disappointment. Fed Challenge '97 had been amateur competition at its finest, as it was meant to be.

*The First District Fed Challenge competition is open to any public or private high school in New England (with the exception of Fairfield County, Connecticut, which is in the Second District). To find out more about fielding a team for Fed Challenge '98 contact:*

**Cindy Reardon, Manager  
Public and Community Affairs Department  
Federal Reserve Bank of Boston  
P.O. Box 2076  
Boston, MA 02106-2076  
phone: (617) 973-3512  
fax: (617) 973-3511  
E-mail [cindy.reardon@bos.frb.org](mailto:cindy.reardon@bos.frb.org)  
The Boston Fed's web site:  
[www.bos.frb.org/educate/](http://www.bos.frb.org/educate/)  
has a special Fed Challenge section.**

## Next Issue



**First in a series of short pieces on basic  
economic principles and terms**

**A New England teacher shares ideas on what  
has worked in the classroom**

**Teachers and students prepare  
for Fed Challenge '98**

**More Internet resources for teachers**

**A preview of module one in the Boston Fed's  
forthcoming five-module high school teaching  
unit on the economics of sports**

---

## The Ledger

Public and Community Affairs  
Federal Reserve Bank of Boston  
600 Atlantic Avenue  
P.O. Box 2076  
Boston, MA 02106-2076

*First Class  
U.S. Postage Paid  
Boston, MA  
Permit No. 59702*