

# WISCONSIN BANK NOTES

## Historical Literacy Guide: *Economics*



Wisconsin Historical  
MUSEUM

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## **Object Literacy: *Learning from Objects***

The Wisconsin Historical Museum, as part of the Wisconsin Historical Society, has developed the following guide to assist in the teaching of standards for social studies. By focusing on objects, artifacts, maps, photographs and other primary sources from its collection, students will be able to redefine how they learn from objects and from history.

### **Object-based learning is**

- Using a variety of objects as central to the development of lesson concepts
- Utilizing objects through posing and investigating questions
- Utilizing well-thought-out initial questions to stimulate further critical thinking
- Using students' natural interest and inclination for question-posing to guide instruction in all subjects
- Leading students to their own answers by responding to open ended questions and/or returning the students' focus to the object
- Student-directed learning following paths created by the students

# Thinking Like a Historian: Rethinking History Instruction and Common Core State Standards Initiative

*Thinking Like a Historian: Rethinking History Instruction* by Nikki Mandell and Bobbie Malone is a teaching and learning framework that explains the essential elements of history and provides “how-to” examples for building historical literacy in classrooms at all grade levels. With practical examples, engaging and effective lessons and classroom activities that tie to essential questions, *Thinking Like a Historian* provides a framework to enhance and improve teaching and learning history.

## Thinking Like a Historian: Rethinking History Instruction

(TLH) **inquiry-based educational theory** provides a common language for educators and students. The theory allows for the educational process to be combined with categories of inquiry which promote historical literacy.

It is the intent of the Wisconsin Historical Museum that this guide serves educators and students in providing object-based lessons to be used after visiting and experiencing the museum on a field trip. Our field trips support *Common Core English Language Arts Standards* for Reading: Informational Text and Speaking & Listening standards as well as CCSS for English Language Arts & Literacy in History/Social Studies.

Educators should use this guide as a post-museum visit activity. It will continue to challenge students to “Think Like a Historian” by encouraging them to think critically, make personal connections with history, and to evaluate information by asking “why”, “how”, and most importantly, “How do you know?”

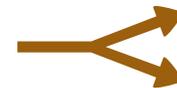
## TLH CATEGORIES



CAUSE AND EFFECT



CHANGE AND CONTINUITY



TURNING POINTS



USING THE PAST



THROUGH THEIR EYES

## Background Information

In early human societies, people paid for goods and services with objects of physical value, such as bartered goods. Over time, governments began issuing uniform coins made out of precious metal which were easier to carry around and exchange. Their uniform shape and size meant that each piece could easily be assigned a value, unlike randomly-shaped chunks of gold and silver which would need to be weighed and appraised individually. Eventually, coins came to be made of non-precious metals like copper and nickel, but could still be redeemed for their equivalent value in gold. Paper money, called “notes,” was often used as well, especially for larger denominations. Although the coins and paper notes themselves were physically worthless, they represented value. In the United States, the first national currency was issued by the First Bank of the United States, formed in 1791. The First Bank was allowed to expire after its 20-year charter was completed and was replaced by the Second Bank of the United States in 1816.

President Andrew Jackson strongly distrusted the Second Bank of the United States and refused to renew its charter. The bank was converted to a regular private bank in 1836 and went out of business in 1841. Because there was no longer a federal banking authority, state governments took over the job of supervising banks. This supervision often proved inadequate. In those days banks made loans by issuing their own currency. These “bank notes” were supposed to be convertible, on demand, to cash—that is, to gold or silver. It was the job of the bank examiner to visit the bank and certify that it had enough cash on hand to redeem its outstanding currency. Because this was not always done, many bank note holders found themselves with worthless paper. It was sometimes difficult or impossible to detect which notes were sound and which were not, because of their variety.

By 1860 more than 10,000 different bank notes circulated throughout the country. Commerce suffered as a result. Counterfeiting was epidemic. Hundreds of banks failed. Throughout the country there was an insistent demand for a uniform national currency acceptable anywhere without risk. In response, Congress passed the National Currency Act of 1863. In 1864, President Lincoln signed a revision of that law, the National Bank Act. These laws established a new system of national banks and a new government

agency headed by a Comptroller of the Currency. The Comptroller's job was to organize and supervise the new banking system through regulations and periodic examinations. Ultimately, the national banking legislation of the 1860s proved inadequate due to the absence of a central banking structure. The inability of the banking system to expand or contract currency in circulation or provide a mechanism to move reserves throughout the system led to wild flows in the economy from boom to bust cycles.

As America's industrial economy grew and became more complex toward the end of the 19th century, the weaknesses in the banking system became critical. The boom and bust cycles created by an inelastic currency and immobile reserves led to frequent financial panics, which triggered economic depressions. The most severe depression at that point in U.S. history came in 1893 and left a legacy of economic uncertainty.

On December 23, 1913 President Wilson signed into law the Federal Reserve Act of 1913. The purposes of this was act were "to provide for the establishment of Federal Reserve Banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes."

In the United States today, the Federal Reserve Bank regulates the amount of currency that is made and distributed by the Bureau of Printing and Engraving. We usually call these Federal Reserve Notes "dollars." All Federal Reserve Notes in the United States have emblems indicating that they are issued by the Federal Reserve. The values of these notes are also clearly printed, and they include security features to reduce the risk of forgery. While bank notes are no longer considered legal currency, they may have acquired numismatic value; this means that they are valuable to collectors because of their history and because they are so rare.

## Images for the Classroom



**Wisconsin Bank Notes, 1852** (WHi Image ID: 38558). Proof sheets of five- and ten- dollar bills of the Wisconsin Bank of Madison. Among other illustrations, the notes include an engraving of Leonard J. Farwell, Governor of Wisconsin in 1852, and a variation of the State Seal.

## Student Activity

Introduce students to bank notes by using the teacher background information. Then project or share a photocopy with students of **Wisconsin Bank Notes** (WHi Image ID: 38558) with students. Ask students to review the image and share with a classmate similarities or differences to current US currency. Give students plenty of time to respond before introducing the discussion questions.

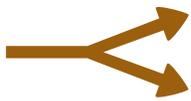
## Teacher-led Student Inquiry and Analysis Questions



1. Why do you think people would prefer to use paper bank notes instead of coins?



2. Name one similarity and one difference between a US dollar and a bank note from 1852?



3. If time allows, have students research the National Currency Act of 1863. How did the National Currency Act of 1863 transform the way banks and citizens do business?



4. Why is a national currency important to a nation?

## Bibliography and Additional Resources

Images and objects shared in this document can be found on the following Wisconsin Historical Society webpages:

**Wisconsin Historical Images** [www.wisconsinhistory.org/whi/](http://www.wisconsinhistory.org/whi/)

**Curators' Favorites** [www.wisconsinhistory.org/museum/artifacts/](http://www.wisconsinhistory.org/museum/artifacts/)

Additional information can be found at:

**Comptroller of the Currency Administrator of the National Banks**

[www.occ.treas.gov/index.html](http://www.occ.treas.gov/index.html)

**National Bank History**

[www.nationalbankhistory.com](http://www.nationalbankhistory.com)

## Reflection

The Wisconsin Historical Museum is interested in hearing memories of favorite experiences or exhibits. Have students use the next page to illustrate and describe what they enjoyed most. Please return to:

### **Museum Education**

**Wisconsin Historical Museum**

**30 N Carroll Street**

**Madison, WI 53703**

