

## **Module 2: The Problem with Traditional Money**

### **Teacher Overview**

In this lesson, students will examine the limitations and risks of traditional money systems — particularly fiat currencies controlled by governments and central banks. This module builds critical thinking around inflation, centralization, trust, and access to money, setting the stage for why Bitcoin was created.

### **Learning Objectives**

By the end of this lesson, students should be able to:

- Define fiat currency and explain how it's created and managed
- Understand how inflation erodes purchasing power
- Identify the risks of centralized money systems
- Explain why some people are unbanked or underbanked
- Recognize global examples of currency failure or manipulation

### **Key Concepts to Cover**

- Fiat money vs. commodity-backed money
- Central banks and monetary policy (e.g. printing money, interest rates)
- Inflation and hyperinflation
- Loss of trust in currency (Venezuela, Zimbabwe, Weimar Germany)
- Financial exclusion (lack of access to banks or stable money)
- The role of government in controlling money

## Discussion Questions

1. Who decides how much money gets created in our current system?
2. What happens to savings when inflation goes up?
3. Can a currency lose all of its value? Has it happened before?
4. What happens when people lose trust in their money?
5. Why do some people not have access to a bank?

## Suggested Activities

### 1. Inflation Simulation

Have students role-play a mini economy where you gradually increase the "money supply" and watch how prices inflate. Reflect on how people react to price changes and savings loss.

### 2. Case Study Posters

Assign students different historical examples of currency collapse (e.g. Zimbabwe, Venezuela, Weimar Germany). Have them create posters or presentations that explain what went wrong and how it affected everyday people.

### 3. Banking Access Map

Use a world map to explore which regions have limited access to banking. Discuss what daily life might be like without easy access to money or credit.

## Extension and Homework

- [Why Traditional Money Fails — And What Bitcoin Fixes](#) (Blog Article)
- Research the purchasing power of \$100 over the past 50 years. What changed and why?
- Write a short reflection on how inflation affects people differently depending on where they live or how much they earn.

