



## Who Holds the Purse Strings?

### The Power of the People to Determine Economic Freedom

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Students will examine how colonists resisted the British taxation and spending decrees forced on them and instead demanded the right of consent to and representation in government decisions. The early American Founders, having lived under a distant monarchy that taxed without listening to its people, intentionally designed the new US system so that all revenue and tax bills would begin in the House of Representatives, the branch most directly elected and accountable to citizens. The Founders believed that placing the “power of the purse” in the hands of leaders closest to the people was essential to protect liberty, prevent abuses of power, and ensure that government spending reflected the needs and consent of those it governed. Through interactive group activities and primary source analysis, students will consider how people’s collective voice and stewardship of resources shaped independence and continues to affect modern governance.

#### Learning Objectives

By the end of this lesson, students will be able to do the following:

- Connect rule of law to economic freedom and representation.
- Explore how taxation without representation undermined both liberty and livelihoods.
- Identify the civic and economic consequences of government control without consent.
- Practice civil discourse and collaborative decisionmaking through group simulation.
- Explain why the Framers placed the power to tax in the House of Representatives, the legislative body closest to the people, as a safeguard for economic freedom.

#### Core Principles

- Consent of the governed
- Purpose of government to secure rights

## Core Grievance

- Lack of legislative supremacy

## Primary Source Documents

- [US Constitution, Article I, Section 7, clause 1](#)
- [The Federalist no. 58 \(James Madison\)](#)
- [The Records of the Federal Convention of 1787 \(Elbridge Gerry\)](#)

## Essential Questions

- Why is economic freedom, such as who has the power to enact taxes, essential to political liberty?
- How does the rule of law protect people from unfair taxes or spending?
- How does "the power of the purse" give the people influence over government decisions?
- How can modern citizens ensure accountability in government spending?

## Core Lesson Vocabulary

- Who Holds the Purse Strings? Vocabulary

## Background Knowledge

The colonists believed taxation without representation was tyranny. After independence, they designed the new US government to ensure that the power to tax and spend rested closest to the people. This principle became the foundation for the House of Representatives, the only chamber directly elected by the people in the original Constitution (before the Seventeenth Amendment created direct election of senators).

By granting the House the authority to introduce all revenue bills, the Framers ensured that those most accountable to voters would decide when and how taxes could be levied. This decision was a direct safeguard against the abuses they had suffered under British rule, where distant rulers imposed taxes without local consent.

## Lesson Introduction (15–20 minutes)

Opening Activity – "Who Controls the Purse? Coin and Purse Activity"

Students will play a quick game to help them understand the phrases "power of the purse" and "purse strings" and the concept of whoever holds the purse controls money decisions. It will compare individual decisions with group decisions by collective representation.

- "Who Controls the Purse?" Coin and Purse Activity

Before class, gather a single “purse” or drawstring bag and enough “coins” (play money or tokens) for each student to have 5 coins to start the game.

Have each student pay a 1-coin tax into the purse from their original 5; that tax is collected for each round. Read the “Running Tally Sheet,” which has instructions for each of the 5 rounds of the game. \*Special Note: Keep a running record on the tally sheet of how much money is left in the purse for each round or ask a student to do so. Be sure to fill in “Initial Number of Coins in Purse for Round 1” before the game begins.

Then, for Round 1, have students “pass the purse” from person to person while you play a song. Suddenly stop the music after a brief period. Whoever is holding the purse when the music stops will decide how to spend money on an item from the personally beneficial “Silly Individual Decisions & Costs” list. The student won’t take any input from the class and will be the sole decisionmaker.

Deduct the cost of the decision on the tally sheet. Then collect a new “tax” from students for Round 2. As shown on the sheet, 3 rounds will be done as an Individual Decision, and 2 rounds will be voted on as a Group Decision. Use the “Silly Group Decisions & Costs” for the latter. For each round, whatever money is in the purse is available for use.

When the final round has been completed, encourage students to consider how they felt when one person got to personally pick what to buy with the tax money and how different they felt when everyone had a vote.

#### Primary Documents Analysis

Before the next activity, students should consider the following primary document quotes.

#1 - Read the following quote from the [US Constitution, Article I, Section 7, clause 1](#).

*“All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other Bills.”*

#2 - Read the following quote from THE [FEDERALIST no. 58 \(James Madison\)](#).

*“The House of Representatives cannot only refuse, but they alone can propose, the supplies requisite for the support of government. They, in a word, hold the purse that powerful instrument by which we behold, in the history of the British Constitution, an infant and humble representation of the people gradually enlarging the sphere of its activity and importance, and finally reducing, as far as it seems to have wished, all the overgrown prerogatives of the other branches of the government. This power over the purse may, in fact, be regarded as the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people, for obtaining a redress of every grievance, and for carrying into effect every just and salutary measure.”*

#3 - Read the following quote from [The Records of the Federal Convention of 1787 \(Elbridge Gerry\)](#).

*[the House of Representatives] "was more immediately the representatives of the people, and it was a maxim that the people ought to hold the purse-strings."*

Have students define what they think the "power of the purse" is referring to and why they think the early Founders might have been concerned about this when they were discussing the forming of the American governing process. Have students consider the following questions:

1. How do we hold the government accountable when making decisions about where tax money should be spent?
2. Why did the Founders link taxation so closely to direct representation?
3. What did James Madison mean when he wrote, "*This power over the purse may, in fact, be regarded as the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people?*"

### Student Activity (25–30 minutes)

This activity introduces students to how taxation and spending decisions affect people's lives and explores why the Founders placed the power of the purse in the US House of Representatives. Students will also consider the emotional stress of being overtaxed by an arbitrary ruler and not a governing body and of being unable to support a family. Students will also be given an optional cross-curricular math graphing extension (Class Graphing page in the activity) to help them visualize the benefits of representative taxation compared with arbitrary taxation.

Who Holds the Purse Strings? Counting the Cost of Liberty Activity

#### EXPANSION OPTION

Students can also learn some budgeting basics such as the 50/20/30 method as they consider modern budgeting challenges.

- Who Holds the Purse Strings? Modern Budget (Expansion Activity)

### Closing (5–10 minutes)

To help students see that budgeting decisions—whether in colonial or modern times—are tied directly to voting and representation, the teacher should provide these quick questions:

- Imagine you couldn't vote for anyone in charge of determining how much you are taxed or deciding how to spend tax money. What is a problem that could happen? How does voting help protect your economic freedom?

### Extension Activities

- Students can use the [Writing Activity: The Power of the Purse](#) to explore the concepts of separation of powers, checks and balances, and the power of the purse by looking at both *The Federalist* no. 51 and no. 58.

## Teacher Considerations

- When teaching this lesson, keep in mind how taxation and spending decisions were not just abstract grievances for the colonists but directly affected family survival, trade, and economic freedom. Today they affect a modern family just as critically. Here are some key points and historical considerations to help guide discussion:
  - Colonists objected to taxation without representation because Parliament imposed taxes without colonial input.
  - Laws like the Stamp Act (1765) taxed paper goods (newspapers, legal documents), affecting businesses and ordinary families.
  - The Townshend Acts (1767) taxed imports like glass, tea, and paint—all essential trade items—and made colonists feel powerless.
  - Britain enforced mercantilist trade policies that required colonists to trade only with England and often at unfavorable prices.
  - The Navigation Acts restricted shipping and trade routes, reducing colonists' ability to buy cheaper goods from other nations.
  - Economic burdens were compounded by taxes to pay for British troops stationed in the colonies, even when colonists felt those troops didn't benefit them.
  - Colonists didn't object just to paying taxes; they objected to the lack of consent in how those taxes were collected and how they were spent.
  - Taxes affected colonies differently and even today states are affected uniquely with fiscal policy. For example, in the colonies:
    - New England's shipping and small merchants were heavily affected by trade taxes.
    - Southern planters faced export challenges and taxes on imports they needed.

## Additional Resources for Consideration

- [The Federalist no. 58 \(Yale Law School\)](#)
- [The Power of the Purse: Origins & Development](#)
- [The Constitution and the Federal Budget Process](#)
- [Policy Basics: Where Do Our Federal Tax Dollars Go?](#)
- [The Federal Budget in Fiscal Year 2024: An Infographic](#)