

# IT JUST + ADDS UP

## LESSON EIGHT Money: Let's Trade

### TEACHERS

#### Introduction

Money may not make the world go 'round, but it certainly does make buying goods and services easier. Before using money, people used a barter system to trade goods and services for other goods and services. Imagine what that would be like today! Using barter is complicated and inefficient. That is why we use money. It allows us to trade money for goods and services, making the trading process more efficient. While we usually think of coins and currency as money, it can actually take many forms. To be money, we must accept it as payment for other items. In summary, money is a medium of exchange and its value is determined by how much it will purchase.

#### Purpose

This lesson will help students understand the role of money.

Students will participate in an auction and calculate mean, mode and median prices.

#### Tool Kit

Coupons from newspapers and a selection of 4-6 items students would "buy."

#### Procedure

1. Discuss the importance of money in our economy. Explain how money is used to facilitate

### Definition of the Week

**Money:** A medium of exchange whose value is determined by what it will purchase.

the trading of goods and services.

Ask students what we use for money today (coins, currency, checks, etc.)

2. Give each student several coupons cut from the newspaper (classroom "cash" may be used instead); be sure to vary the amount of cash given each person. Tell students this money will be used to "buy" products during a class auction. Students should know the number of products to be auctioned, but not know what they are.

3. Auction each item individually, leaving the most desired one until last. Have students record the price for each item. Allow students to pool their money to make purchases. Collect money from buyers before proceeding to next item. Remind students of the number of items remaining. When finished, have students compare prices for first and last products; note any patterns in prices. Ask students to explain those patterns. (Note: Because the money loses its value after the auction, prices should increase for each item auctioned.) Discuss how the ability to purchase gives "paper" value, as with "real" money.

4. Have students total the amount of money spent on the products, finding the mean, mode and median prices.

### PARENT OPTION

Have your child go to the dictionary or do an online search to find the definition of money and its functions. Help your child research different objects that have been used for money, such as gold, silver, beads, etc. Discuss how changes in the prices of goods and services influence how much families can purchase.

Find an article or advertisement in the newspaper that relates to money. Help your child read the article or ad and underline all the words, phrases and sentences that refer to money. Make a list of the terms and discuss their meaning. Are some words or phrases used more often than others? What do most of the articles or ads have to say about money?

# What's on a dollar?

### On the front

Letter in the circle to the left of the face tells you which Federal Reserve Bank first issued it:

- A is for Boston
- G for Chicago
- B for New York
- H for St Louis
- C for Philadelphia
- I for Minneapolis
- D for Cleveland
- J for Kansas City
- E for Richmond
- K for Dallas
- F for Atlanta
- L for San Francisco



Serial Number: Every bill of the same amount has a different number.

Signature of the treasurer of the United States, who is appointed by the president.

Series identification number: shows the date this bill design was first used, along with who was treasurer at the time.

Source: *The Kids' Money Book* by Neale S. Godfrey

### On the Back

Pyramid picture is the Great Seal of the United States. The unfinished pyramid symbolizes growth. The eye represents the watchful gaze of God.

The Eagle at the right symbolizes the 13 original colonies. There are 13 stars above the eagle's head, 13 arrows in one claw, and an olive branch with 13 leaves and 13 olives held in the other claw.

## Activity

### If I had a Million...

Just for fun, write a paragraph about what you'd do if you had a million dollars.




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Coming next week: Banking

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