

Economic Exchange Simulation

Grade level: Can be adapted to any grade level

Concepts: Surplus / Scarcity Wants / Needs
Barter / Direct exchange Goods / Services
Medium of exchange Interdependence

Objectives:

1. Students will demonstrate the concept of bartering as the direct trade of one good or service for another
2. Students will explain the disadvantages of trade by barter.
3. Students will identify situations of scarcity and surpluses in trading activities.

Materials: Shoe boxes or bags for each group
Wants Activity Sheet (a different list for each group)
Items for exchange (This simulation requires six items for each group for a total of 24 items.)

3 matches	2 band-aids
2 candles	3 flying saucers (Frisbees)
3 batteries	1 water pistol
3 knives	1 can of corn
2 strips of yarn	1 bottle of water
1 can of tuna	1 can of soup
1 can opener	1 can of beans
a chart with each planet's wants	
a name tag for each planet	

Teacher preparation: Arrange the boxes or bags with the following items:

<u>Saturn</u>	<u>Pluto</u>	<u>Mars</u>	<u>Neptune</u>
1 band-aids	2 knives	2 candles	2 matches
1 battery	2 batteries	1 strip of yarn	1 can of beans
1 match	1 water pistol	1 can of soup	1 strip of yarn
1 flying saucer	1 can of corn	2 flying saucers	1 water bottle
1 can opener			1 can of tuna

Decorate boxes or bags. Include the name of the planet on the box or bag.

Procedure:

1. Divide the class into groups of 4 or 5 students each.
2. Each group becomes citizens of a specific planet: Saturn, Pluto, Mars or Neptune. Give the appropriate box/bag to the group. (Items are inside.) Explain simulation.
3. Each group of citizens moves to the area of the room where their planet is located.
4. In order to pick a group leader, have the person whose first name comes first in the alphabet take charge of the citizens of the planet.
5. Give each group the appropriate "wants" sheet for their planet. (They must list the items used in barter for their planet's wants on the sheet.)
6. Let the citizens' leader empty the items from the box/bag in order to determine what is there and what the planet wants.
7. Have the leaders from each planet go around the room to the other planets to see who has what they want. This will give them a good idea of what planet they need to barter with.
8. Each group needs to decide what they will barter for and with.
Example: 1 pistol for 1 knife and 1 match
9. To begin, ask a representative from Mars and Neptune to come to the front of the room to barter. Let them decide the value/worth of each item. When they have reached a decision, make sure the class understands what was bartered for what. Explain the value placed on the items. Representatives return to their group and record the barter.
10. Repeat the barter in front of the class with a representative from Saturn and Pluto.
11. Let the groups barter among themselves, one person to another planet at a time. The citizens need to make suggestions and give feedback to whomever is doing the bartering. It does not have to be the leader. (Teacher circulates and checks on groups.)

Follow up:

Lead a discussion on what bartering is – trading without money. They should realize that in bartering, you have to find someone who 1) wants what you have and 2) has what you want. Go over the Wants Activity Sheet. Discuss the value placed on various items. This should lead into the disadvantages of trade by barter. Make a list on the board. Follow this with the question: Why do we need money? What is its purpose in our society? How do we trade with other nations?

Other resources:

Trade-Offs Program 9: Why Money?
Decisionomics Section F-29 (All activities)





WANTS LIST FOR THE PLANET SATURN

WANTS

ITEM(S) BARTERED

2 batteries

1 water pistol

1 water bottle

1 knife

1 can of soup



WANTS LIST FOR THE PLANET PLUTO

WANTS

ITEM(S) BARTERED

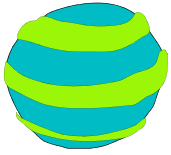
2 matches

1 flying saucer

1 can of beans

1 candle

1 band-aid



WANTS LIST FOR THE PLANET NEPTUNE

WANTS

ITEM(S) BARTERED

2 flying saucers

1 can of corn

1 candle

1 battery

1 can opener



WANTS LIST FOR THE PLANET MARS

WANTS

ITEM(S) BARTERED

2 strips of yarn

1 band-aid

1 can of tuna

1 knife

1 match

LOUISIANA CONTENT STANDARDS AND BENCHMARKS AND GRADE LEVEL EXPECTATIONS (GLE)

Grades K-4

Surplus / Scarcity

E-1A-E1 – recognizing that limited resources require people to make decisions

GLE grade level 2:

#30 - identify examples of scarcity in the local community

grade level 3:

#31 – define scarcity and abundance and give examples of both for individuals and society

grade level 4:

#36 – demonstrate that limited resources necessitate choices and decisions

Barter / Direct Exchange

E-1A-E11 – explaining and demonstrating why people participate in voluntary exchanges and how money helps in the process

GLE grade level K:

#16 – describe a situation illustrating a voluntary exchange (e.g., trading seats, exchanging books)

grade level 1:

31 – describe the benefits of a voluntary exchange

grade level 2:

#41 – explain why people exchange goods and services

grade level 3:

#41 – discuss trade in the local community and explain how trade benefits both parties

Medium of Exchange

E-1A-E11 – explaining and demonstrating why people participate in voluntary exchanges and how money helps in the process

GLE grade level 1:

31 – describe the benefits of a voluntary exchange

grade level 4:

#44 – identify the relationship between money, writing checks, and credit cards

Wants / Needs

E-1A-E3 – demonstrating how economic wants affect decisions about using goods and services

GLE grade level 1:

#25 – identify the difference between basic human needs and wants

grade level 3:

#33 – explain reasons why people save money

Goods / Services

E-1A-E3 – demonstrating how economic wants affect decisions about using goods and services

GLE grade level K:

#14 – identify ways people use money to purchase goods

E-1A-E9 – identifying different methods for the distribution of goods and services, including the concept of markets

GLE grade level 3:

#39 – identify goods that are produced within the local community and Louisiana and describe how they are shipped elsewhere for sale

grade level 4:

#42 – describe the basic concept of a market (e.g., exchange of goods/services between buyers and sellers) and identify ways of transporting goods

E-1B-E5 – identifying the major goods and services produced in the local community and state

GLE grade level 2:

#44 – explain the difference between goods and services and give examples of each within the local community

grade level 3:

#45 – identify major goods and services produced in Louisiana

Interdependence

E-1A-E7 – describing how specialization affects productivity and contributes to the need for interdependence among producers and consumers

GLE grade level K:

#15 – identify work people do and the name of related jobs at home and school

grade level 1:

#28 – identify simple descriptions of the work people do and the names of related jobs in the community

grade level 3:

#37 – identify the concepts of specialization (i.e., being an expert in one job, product, or service) and interdependence (i.e., depending on others) in the production of goods and services

Grades 5-8

Surplus / Scarcity

E-1A-M1 – describing how the scarcity of resources necessitates decision making at both personal and societal levels

GLE grade level 8:

#42- analyze situations involving scarcity (limited resources) at the individual, group, and societal levels to determine the need for choices or what is gained/lost by a decision

Medium of Exchange

E-1A-M8 – differentiating among various forms of exchange and money

GLE grade level 6:

#13 – identify the functions and characteristics of money (e.g., money as a store of value) and compare barter exchange to money exchange

Goods / Services

E-1A-M6 – describing the essential differences in the production and allocation of goods and services in traditional, command, and market systems

GLE grade level 8:

#48 – characterize and analyze the use of productive resources in an economic system

E-1B-M3 – explaining the difference between private and public goods and services

GLE grade level 8:

#54 – explain the difference between private goods/services and public goods/services and give examples of each

Interdependence

E-1B-M6 – determining the reasons for trade between nations, identifying costs and benefits, and recognizing the worldwide interdependence that results

GLE grade level 7:

#42 – identify U.S. exports and imports that contributed to the U.S. economic interdependence with Europe and other parts of the world during the eighteenth and nineteenth centuries

grade level 8:

#57 – explain reasons for trade between nations and the impact of international trade

Grades 9-12

Surplus / Scarcity

E-1A-H1 – analyzing the impact of the scarcity of productive resources and examining the choices and opportunity cost that result

GLE grade level 9-12:

#2 – define scarcity

#5 – explain how the scarcity of natural resources leads to economic interdependence

Medium of Exchange

E-1A-H7 – analyzing the roles of money and banking in an economic system

GLE grade level 9-12:

#22 – analyze the role of banks in economic systems (e.g., increasing the money supply by making loans)

#24 – compare and contrast credit, savings, and investment services available to the consumer from financial institutions

Interdependence

E-1B-H4 – analyzing the causes and consequences of worldwide economic interdependence

GLE grade level 9-12:

#39 – explain the causes of global economic interdependence

#40 – describe the worldwide exchange of goods and services in terms of its effect in increasing global interdependence and global competition

#42 – explain how the economy of one country can affect the economies of other countries or the balance of trade among nations