



THE MONEY CIRCLE

THEME ONE: INTERPRET THE HISTORY, FUNCTIONS AND CHARACTERISTICS OF MONEY

LESSON TITLE:

Theme 1, Lesson 1: Money Is What Money Does

Lesson Description:

This lesson helps students understand and interpret the functions and characteristics of money. Through the reading of informational text and a role-play developed by the students, they will demonstrate knowledge about money, how it works within an economy and how it correlates to periods of history. Students will recognize why money takes the shape and form that it does and how the characteristics and functions of money determine what it is.

Grade Level: 9-12

Key Concepts: Functions/uses of money, characteristics of money, barter, purchasing power

Objectives: Students will be able to:

1. Define money by its functions/uses as a medium of exchange, a store of value and a unit of account
2. Identify and explain the characteristics of money
3. Demonstrate the changes in money forms throughout history

Time Required: 50 to 60 minutes

Materials:

- Money booklet from the Everyday Economics series, available in a printable PDF at <http://www.dallasfed.org/assets/documents/educate/everyday/money.pdf> or in classroom quantities by request at <http://www.dallasfed.org/microsites/educate/pubs/order.cfm>
- Visual 1
- Handout 1; one for each student
- Handout 1 Answer Key
- Visual 2; one for each student
- Artifact Box: assembled by teacher with samples of historical currency such as corn, pelts, beads, etc. (optional)

Procedures:

1. To begin the lesson, find examples of something once used as currency, such as corn, beads, shells, furs, etc. Use Visual 1 as an alternative.

Teacher Note: *The examples could be in an "Artifact Box" that is passed around the room.*

2. Ask the following questions:
 - What do these artifacts have in common? (*Answers will vary, but may include: items people used in earlier times; early forms of money, etc.*)
 - What types of money do we use today? (*Answers will vary, but may include money in the form of cash, checks, credit and debit cards, etc.*)
3. Distribute a copy of Handout 1 to each student. Ask students to read pages 1 through 5 of the Money booklet and to complete Handout 1 as they read. Ask students the following questions and use the Handout 1 Answer Key to verify accuracy:
 - How does the book define money? (*Money is anything that is widely accepted as a form of payment for goods and services or a repayment of debt.*)
 - Why is bartering inefficient? (*It requires a "coincidence of wants, the goods and services must be immediately available, and both traders must agree on the value of one good in terms of another."*)

Teacher Note: *Sharing a contemporary example of coincidence of wants might be helpful, such as carpools, babysitting, household chores, etc.*

- Explain the three uses or functions of money. (*Money functions as a medium of exchange because it can be traded broadly for goods or services in an economy. Money is also a unit of account because it has a unit value by which the prices of other items can be compared to it. Lastly, money is a store of value because its purchasing*

power can be used to buy goods and services now or in the future.)

- Name and explain the characteristics of money. (*Money must be durable, or long-lasting; portable, or easy to carry; divisible, or able to be divided into smaller parts; scarce, or not readily available: uniform, or same type/denomination; and acceptable, or a form of payment approved by all.*)
 - How have the forms of money changed over time, and why? (*Early forms of money included foods, beads, shells, furs, and other items easily bartered. As people became more interdependent and less self-sufficient, the need for a form of money that represented a standard of value became necessary. The first U.S. currency was paper and coins, and its designs have evolved throughout history.*)
4. Divide the class into at least three small groups and assign each group a time frame of one of the following:
- Early Times: the bartering years
 - Changing Times: the years between barter and money today
 - Current Times: money of today
5. Display and review Visual 2, Money Live Role Play, with the class and ask each group to work together to develop a 3-5 minute skit about money that reflects a given time frame. Each skit must depict money in the time frame assigned and address the functions and characteristics of money (as described in Money booklet) within the economy at that time. Skits will be presented to the rest of the class upon completion.

Closure:

6. Review the lesson by asking the following questions:
- What are the three functions/uses of money? (*Money functions as a medium of exchange because it can be traded broadly for goods or services in an economy. Money is also a unit of account because it has a unit value by which the prices of other items can be compared to it. Lastly, money is a store of value because its purchasing power can be used to buy goods and services now or in the future.*)
 - What are the six characteristics of money? (*Money must be durable, or long-lasting; portable, or easy to carry; divisible, or able to be divided into smaller parts; scarce, or not readily available: uniform, or same type/denomination; and acceptable, or a form of payment approved by all.*)
 - Explain some of the changes in money forms throughout history. (*Early forms of money included foods, beads, shells, furs, and other items easily bartered. As people became more interdependent and less self-sufficient, the*

need for a form of money that represented a standard of value became necessary. The first U.S. currency was paper and coins, and its designs evolved throughout history.)

Assessment:

7. Review the definition of purchasing power from page 3 in the Money booklet. Use the information you've learned about the functions and characteristics of money to write a brief essay explaining why the use of money helps stabilize purchasing power and the use of bartering does not.

Extension Activity:

8. Divide students into pairs/groups and provide each pair with a historical form of currency by name or from the Artifact Box or Visual 1 used in the Introduction.
9. Direct students to research their form of currency, including when and how it was used. Ask students to develop two statements about their form of currency, one in favor and one in opposition to using it within an economy.

Alignment to Standards:

National Voluntary Economic Content Standards:

- Standard 11, Money and Inflation: Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.

Common Core Standards:

Reading Informational Text:

- Key Ideas and Details:
 - CCSS.ELA-Literacy.RI.9-10.1 Cite strong and thorough textual evidence to support analysis of what the text says explicitly as well as inferences drawn from the text.
 - CCSS.ELA-Literacy.RI.11-12.1 Cite strong and thorough textual evidence to support analysis of what the text says explicitly as well as inferences drawn from the text, including determining where the text leaves matters uncertain.

Writing

- Text Types and Purposes:
 - CCSS.ELA-Literacy.W.9-10.1 Write arguments to support claims in an analysis of substantive topics or texts, using valid reasoning and relevant and sufficient evidence.
 - CCSS.ELA-Literacy.W.9-10.2 Write informative/explanatory texts to examine and convey complex ideas, concepts, and information clearly and accurately through the effective selection, organization, and analysis of content.

- CCSS.ELA-Literacy.W.11-12.1 Write arguments to support claims in an analysis of substantive topics or texts, using valid reasoning and relevant and sufficient evidence.
- CCSS.ELA-Literacy.W.11-12.2 Write informative/explanatory texts to examine and convey complex ideas, concepts, and information clearly and accurately through the effective selection, organization, and analysis of content.
- Research to Build and Present Knowledge:
 - CCSS.ELA-Literacy.W.9-10.8 Gather relevant information from multiple authoritative print and digital sources, using advanced searches effectively; assess the usefulness of each source in answering the research question; integrate information into the text selectively to maintain the flow of ideas, avoiding plagiarism and following a standard format for citation. (Extension Activity)
 - CCSS.ELA-Literacy.W.9-10.9 Draw evidence from literary or informational texts to support analysis, reflection, and research.
 - CCSS.ELA-Literacy.W.11-12.8 Gather relevant information from multiple authoritative print and digital sources, using advanced searches effectively; assess the strengths and limitations of each source in terms of the task, purpose, and audience; integrate information into the text selectively to maintain the flow of ideas, avoiding plagiarism and overreliance on any one source and following a standard format for citation.
 - CCSS.ELA-Literacy.W.11-12.9 Draw evidence from literary or informational texts to support analysis, reflection, and research.

EARLY MONEY FORMS



MONEY: KEY CONCEPTS AND REVIEW

Directions:

Use this handout to take notes as you read Money. List the main concepts in the left-hand column and describe and/or give examples of the concept in the right-hand column. Some key concepts are already listed below to get you started.

KEY CONCEPT	DESCRIPTION/EXAMPLE
<i>Definition of money</i>	
<i>Definition of bartering</i>	
<i>Why is bartering inefficient?</i>	
<i>Uses/Functions of money</i>	
1.	
2.	
3.	
<i>Characteristics of money</i>	
1.	
2.	
3.	
4.	
5.	
6.	

MONEY: KEY CONCEPTS AND REVIEW ANSWER KEY

Directions:

Use this handout to take notes as you read Money. List the main concepts in the left-hand column and describe and/or give examples of the concept in the right-hand column. Some key concepts are already listed below to get you started.

KEY CONCEPT	DESCRIPTION/EXAMPLE
<i>Definition of money</i>	Money is anything that is widely accepted as a form of payment for goods and services or a repayment of debt.
<i>Definition of bartering</i>	Trading goods and services without the use of money
<i>Why is bartering inefficient?</i>	It requires a "coincidence of wants, the goods and services must be immediately available, and both traders must agree on the value of one good in terms of another."
<i>Uses/Functions of money</i>	Money facilitates transactions between buyers and sellers.
1. Medium of exchange	It can be traded broadly for goods or services in an economy.
2. A unit of account	It has a unit value by which the prices of other items can be compared to it.
3. A store of value	Its purchasing power can be used to buy goods and services now or in the future.
<i>Characteristics of money</i>	
1. Durable	Long-lasting. Currency today is made of 75% cotton and 25% linen to make it more durable than paper and more difficult to counterfeit.
2. Portable	Easy to carry and must be convenient in size, weight and denomination(s)
3. Divisible	Able to be divided into smaller parts and adjustable based on the price of goods and services
4. Uniform	Same type or denomination, easily represented by face value and easy to distinguish one from another
5. Scarce	Not readily available, large enough to facilitate transactions but not so large as to degrade its value
6. Acceptable	A form of payment approved by all or most; consumers must have confidence in its ability to be exchanged

MONEY LIVE ROLE PLAY "MONEY YESTERDAY THROUGH TODAY"

Directions:

In your small group, develop and outline a 3 to 5 minute skit about money that reflects your given time frame: early times, changing times and current times. The skit must demonstrate the functions and characteristics of money for your time frame. Use the Money booklet for reference. All members in your group must participate. Be prepared to present your skit to the rest of the class. Be creative and be sure to include accurate information from the lesson.

Our time frame:

Key ideas and concepts to share:

Skit Outline:
