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A pre-visit unit of study preparatory to the program,

A HERITAGE OF WHY SAVING MATTERS” and is an adaptation of the lesson created by Andrew T. Hill Ph.D., Federal Reserve Bank of Philadelphia to accompany the article, “Benjamin Franklin and the Birth of a Paper Money Economy.” This adapted unit and associated lesson plans have been written as a service to Heritage Guides (see www.heritageguides.org).

Grade Levels: 3-5

Time Frame: Four - 45 minute lessons

Unit content

- Colonial economy
- Role of money
- Affects of scarcity
- Availability of money affects trade
- Difficulties of bartering (coincidence of wants)
- Causes of inflation

National Social Studies Curriculum Standards:

2A, 2C, 2D, 2E, 2F, 3G, 4E, 4F, 4H, 5A, 5B, 5C, 5D, 5E, 5F, 5G, 6A, 6B, 6D, 6G, 6H, 7A, 7B, 7C, 7D, 7F, 7G, 8C, 9B, 9C, 10B, 10F, 10J

Concepts

- Characteristics and functions of money
- Wants versus needs
- Inflation
- Medium of exchange
- Money
- Store of value
- Unit of account

Objectives

- Explain how money fills the role as
 - A medium of exchange
 - A unit of account
 - A store of value
- List the characteristics of money
- Explain the effects of too little money on trade and too much money on inflation
- Identify Benjamin Franklin as a colonial economist and his key points about money and free enterprise.

Procedures

- Lesson 1—“The Role of Money”
- Lesson 2—“ The Function and Characteristics of Money”
- Lesson 3—“History of Money”
- Lesson 4—“Money in our Lives”
- Optional lesson – Design Your own Money

LESSON 1—THE ROLE OF MONEY of the pre-visit unit of study preparatory to the program, “**A HERITAGE OF WHY SAVING MATTERS**” is an adaptation of the lesson created by Andrew T. Hill Ph.D., Federal reserve bank of Philadelphia to accompany the article, “Benjamin Franklin and the Birth of a Paper Money Economy.” This adapted lesson plan has been written as a service for Heritage Guides, Inc (Meet Ben Franklin) www.heritageguides.org .

Grade Levels: 3-5

Time: 45 minutes

Lesson content

- Trading activity
- Role of money

National Social Studies Curriculum Standards:

2A, 2C, 2D, 2E, 2F, 3G, 4E, 4F, 4H, 5A, 5B, 5C, 5D, 5E, 5F, 5G, 6A, 6B, 6D, 6G, 6H, 7A, 7B, 7C, 7D, 7F, 7G, 8C, 9B, 9C, 10B, 10F, 10J

Concepts

- Definition of goods and services
- Trading as a means of obtaining goods and services
- Use of money increases opportunity of acquiring goods and services
- The historical context of trading beginning with colonization (*Jamestown, Virginia*) of the Americas through the present

Objectives

- Identify examples of goods and services people generally need or want
- Explain how money is used to obtain goods and services
- Introduce the American Free Enterprise System

Materials

- Example Trading Cards
- Classroom Trading Activity Card – 1 set for each group of 5 students

Procedures

1. Teach the students the definition of goods and services
 - a. Hold up an example of coin and/or paper money. Ask the class if they had money what would they be able to buy with it. Discuss some examples. Ask them what they think their parents spend their money on. Discuss examples of both goods and services. Explained that sometimes we called goods Commodities.
2. Conduct the classroom trading activity
 - a. Explain to the students they’re going to do a trading activity in order to help them understand how money helps us when we need or want something that we don’t have.
 - b. Explain to the students that you will divide them into groups of five (if there are any students left over pair them each up with one of the students

in the group of five. Pairs of students will act together and make decisions together as if they were one). Tell them that you are going to give each Person (or pair) 3 slips of paper or cards.

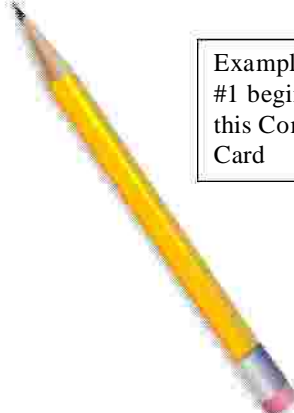

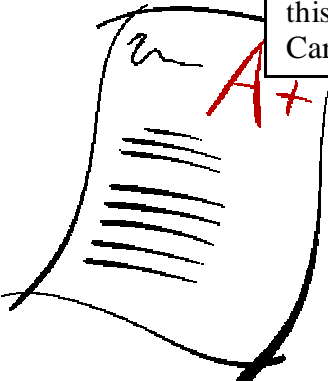

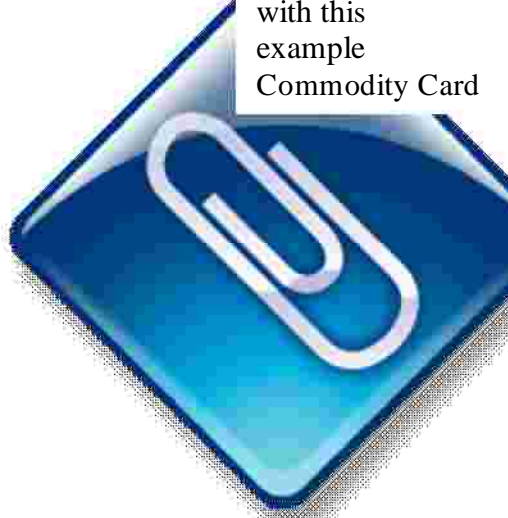

- i. One card has the names of 2 items--one item that they already have and don't need or want any more, and another item that they don't have but which they need or want.
- ii. Another slip of paper has a picture of the item that they already own.
- iii. The other paper has a picture of money and is called their money card .

The object of this activity is to sell the item that they don't want any more and buy the item that they do want. Explain to them that when they buy and sell we will call that trading. Make sure they understand that they have to use the money card to buy the item they want. Further clarify the process of making their trade by demonstrating to the class with two students:

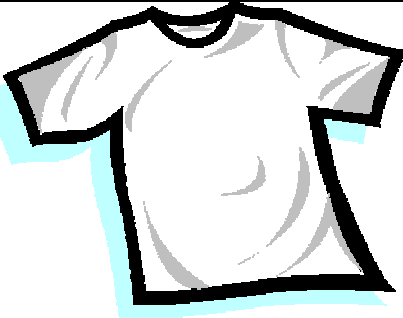



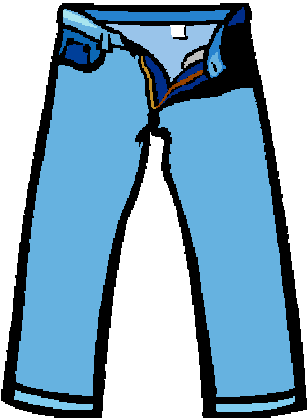

- iv. Give one student the example trading card and example commodity card #1 and a money card. Give the other student The example trading card and commodity card #2 and the money card.
 - v. The teacher has his or her set of example cards.
 - vi. The teacher asks one of the students if he or she has the item that the teacher wants to buy. When the student with the item is identified the teacher gives the money card to the person and takes the commodity card.
 - vii. Prompt the two students to go through the same process until each person has obtained the item that they needed to buy.
 - viii. Ask the class if they have any questions about the process of making their trade.
- c. Divide the students into the groups of five. Pass out the trading cards, commodity cards, and money cards. Instruct them not to talk about what is on their cards or to show their cards to one another until you give the instructions to trade. Assign each group of five students a corner of the room to do their trading in. They're not allowed to enter another group's trading area. After they have made both of their trades (buying and selling), there to take their seats quietly and wait for the rest of the students to finish.
 - d. Instruct the students to go to their corner of the room assigned and give them the instructions to trade.
3. Discuss the following:
 - a. Was everyone able to make the needed trades?
 - b. How did the money card help when you needed to trade something?
 - c. Ask the students to predict what the trading would have been like if there was less money or no money.
 4. Explain the term "barter." Help them understand that bartering is only effective if 2 individuals have what each other wants or needs.Help the students understand that without money the less effective bartering system would likely be the system of trading we would have to use.

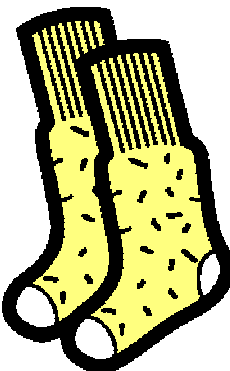



5. Teach the definition of money in an abbreviated form as anything widely accepted as final payment for goods and services.
6. Discuss how money assists in trading in obtaining our wants and needs.
7. Explain to students that the further back in history they go, the more likely people were to barter for goods and services

Example trading cards for demonstrating trading activity to the class

Trading card	Commodity card	Money card
<p>Example Student #1 Sell: pencil Buy: paper clip</p>	 <p>Example student #1 begins with this Commodity Card</p>	
<p>Example Student #2 Sell: paper Buy: pencil</p>	 <p>Example student #2 begins with this Commodity Card</p>	
<p>Example Teacher Sell: paper clip Buy: paper</p>	 <p>Teacher begins with this example Commodity Card</p>	

Trading Cards for Class Trading Activity. Make one set of cards for each group of five students.

Trading card	Commodity card	Money card
<p>Student E Sell: shirt Buy: pants</p>		
<p>Student D Sell: belt Buy: shirt</p>		
<p>Student C Sell: pants Buy: shoes</p>		

Trading card	Commodity card	Money card
<p>Student A Sell: socks Buy: belt</p>		
<p>Student B Sell: shoes Buy: socks</p>		

LESSON 2—“FUNCTIONS AND CHARACTERISTICS OF MONEY” of the pre-visit unit of study preparatory to the program, “**A HERITAGE OF WHY SAVING MATTERS**” is an adaptation of the lesson created by Andrew T. Hill Ph.D., Federal reserve bank of Philadelphia to accompany the article, “Benjamin Franklin and the Birth of a Paper Money Economy.” This adapted lesson plan has been written as a service for Heritage Guides, Inc (Meet Ben Franklin) www.heritageguides.org .

Grade Levels: 3-5

Time: 45 minutes

Lesson content

- Second Trading activity
- Functions and characteristics of money

National Social Studies Curriculum Standards:

2A, 2C, 2D, 2E, 2F, 3G, 4E, 4F, 4H, 5A, 5B, 5C, 5D, 5E, 5F, 5G, 6A, 6B, 6D, 6G, 6H, 7A, 7B, 7C, 7D, 7F, 7G, 8C, 9B, 9C, 10B, 10F, 10J

Concepts

- Definition of goods and services
- Trading as a means of obtaining goods and services
- Use of money increases opportunity of acquiring goods and services
- The historical context of trading beginning with colonization of the Americas through the present

Objectives

- Identify examples of goods and services people generally need or want
- Explain how money is used to obtain goods and services
- Introduce the American Free Enterprise System

Materials

- Example Trading Cards
- Classroom Trading Activity Card – 1 set for each group of 5 students

Procedures

1. Conduct second trading activity
 - a. Tell the students said they are going to have a trading activity for a second time. All the rules and procedures will be the same as the first trading activity. Review them as necessary. Tell them they will be time restricted.
 - b. Put the students in the same groups they were in for the first trading activity. Try to give a different trading card to the individual student from what they had in the first trading activity. This time only hand out a money card to 2 random students in each group.

- c. Once they begin the trading only give them three to five minutes. At the end of the time allotted whether or not they have completed their trades have the students sit down
2. Discuss the following questions
 - a. Which round of trading was more difficult—the first or the second?
 - b. Why was round two more difficult?
 - c. Was anyone unable to carry out one or both of the trades they were instructed to make?
 - d. Why were some people unable to make one or both of the trades?
 - e. Predict what will happen if we have too little money available in our economy. (buying and selling will likely slow down because it takes longer for exchanges to be made)
3. Explain each of the functions of money
 - a. Many as a **medium of exchange**-it makes it easier to buy things
 - b. Money is a **unit of account**-it is a way to compare the value of different goods and services
 - c. Money is a **store of value**-it holds its value so people can save it and spend it later
4. Discuss the following
 - a. What was the medium of exchange in the trading activities? (Money cards)
 - b. Did the money cards make a good medium of exchange? (yes, when there was enough of them they did)
 - c. Did the money cards make a good unit of account? (Yes, the price of each commodity was one money card)
 - d. Did the money cards make a good store of value? (yes, you could use it to make a purchase later after you receive the money card)
5. Cover the characteristics of money
 - a. Portable-it must be easy to carry.
 - b. Divisible-you have to be able to divide it into small amounts so that you can purchase goods and services at any price
 - c. Durable-so it won't wear out easily
 - d. Somewhat difficult for people to obtain
 - e. Must be widely accepted
 - f. The value of money must stay the same over long periods of time

- Lesson 3—“History of Money”
 1. Teach the historical forms of money-refer to page seven
 2. Talk about paper money and its advantages
 3. Discuss Ben Franklin’s argument for paper money-refer to pages seven, eight, and nine in modified format and abbreviated
 4. Conduct the class activity as explained in items 21 through 28
 5. Discuss a cause of inflation as being too much money in the economy
 6. Review page twelve

- Lesson 4—“Money in our Lives”
 1. Newspaper activity-see item 32, first four bullets

Optional Lesson/Activity

Have the student design their own money.

What symbols would they use and why?

