Money Matters: Discussion Guide

Overview
Explore the history of how money developed, from cattle and cowrie shells all the way to today’s currency and the electronic money of the future. In addition, open students’ eyes to the realities of everyday economics by exploring money matters including interest, foreign currency, and running a business.

Classroom Activities
1. Show the “Money” segment from the Understanding Economics video.

• **Role Playing:** Have students role-play a barter situation, such as where one student wants to trade his or her CDs for another student’s DVD. Discuss how in early times workers bartered to get the goods and services that they needed.

• **Discussion:** Spark class discussion with these questions:
  o What are the advantages and disadvantages of bartering?
  o What are the advantages of money over bartering?
  o In bartering or the use of money, is the buyer or seller better off?
  o How might the world be different if money had not developed?

• **Simulation:** Assign students to plan a lemonade stand or bake sale at school. Have them discuss setting prices for their goods relative to what the goods cost them to produce and what they hope to gain. Introduce older students to the concepts of overhead and startup money, asking them to consider different situations such as having to pay rent for a stall to sell their goods, competition from other sellers, needing to pay workers or donate a percent of their proceeds to the school. Then have them survey each other or another class about what students would be willing to pay for the goods offered. Have them observe how price affects the demand for goods.

• **Research:** Assign teams of students to research and report on the following terms: gold standard, euro, and market economy.
2. Show the “Means of Exchange: Money and Goods” segment from the *Elementary Video Adventures: Money: Kids and Cash* video. (Access to *unitedstreaming* is required.)

- **Timeline:** Direct students to the Nova Web site on the history of money at www.pbs.org/wgbh/nova/moolah/history.html, and discuss the evolution of money that it presents. Ask students to create a timeline showing the history of money.

- **Discussion:** Lead discussion by asking students: Why do you think money developed as it has, from rocks and shells to coins and paper currency? What determines the value of money? What determines the prices of goods?

- **Comparison Shopping:** The video encourages viewers to compare prices when shopping. Invite students to stage an experiment where they compare the cost of the same item at three different stores, using store or newspaper catalogues or shopping Web sites as price guides. Have them draw conclusions about comparison shopping.

- **Research:** Have students identify the currencies of 10 different countries, and record what they look like and their current values compared with the U.S. dollar. Show students the exchange rates listed in the business section of the newspaper, or direct them to online currency converters.

- **Mathematics:** Have students create and solve mathematical equations for converting 50 U.S. dollars to the following currencies: Japanese yen, Mexican peso, Chinese yuan, Norwegian krone, euro, and Thai baht. Discuss how to set up and solve the equations.

- **Predicting:** Ask students to predict how money will evolve in the future. For example, discuss how they think paperless currency and electronic cash will function.

3. Show the “Money Today” segment from *Economics: The Production, Distribution, and Consumption of Goods and Services: Money* video. (Access to *unitedstreaming* is required.)

- **Pre-Viewing Activity:** Have students make a three-column chart for What I Know, What I Want to Know, and What I Learned related to money matters. Ask them to fill in the chart as the lesson proceeds.

- **Research:** Encourage students to research the U.S. monetary system, including the Federal Reserve system and the mints. Have them chart how a bank makes income on the earnings from depositors’ funds.

- **Discussion:** Discuss some of the newer media of exchange, credit and debit cards. Ask students to list some advantages and disadvantages of
credit and debit cards. Introduce them to an annual percentage rate, which students will need to understand for comparing interest charged by credit card companies and lenders.

- **Charts:** Have students make Venn diagrams to explain the similarities and differences between the following:
  - credit cards and debit cards
  - checking accounts and charge accounts
  - simple interest and compound interest

- **Debate:** Debate the value of credit cards and debit cards and whether it is good or bad that society moves increasingly towards electronic monetary transactions.

- **Comparison:** Discuss the difference between simple and compound interest. Have students compare the earnings on $500 in a 4% savings account with simple and then compound interest.

- **Mathematics:** Have older students calculate the following interest as a bank would:
  - 3% simple interest for one month on $367 in a savings account
  - 3.5% compound interest for six months on $234 in a CD
  - 4.75% simple interest for one year on $281 loan
  - 5.5% compound interest for two years on a $281 loan

- **Budgeting:** Assign students to draw up budgets with the goal of saving to buy something they want. Have them compute how much they would have to save each week to reach their goals by the end of the year.

- **Quiz:** See if students can define these financial terms: *treasury bills, federal funds, certificates of deposit, money market accounts, stocks, treasury bonds, and municipal bonds.*

- **Interview:** Ask students to interview their parents or other adults about why they choose the banks they do.

- **Demonstration:** Have students demonstrate how to write a check, and show students what a credit card statement looks like. Encourage them to ask questions.


- **Pre-Viewing Activity:** See what students know about the realities of running a business. Ask them to brainstorm what they think new
• **Discussion:** Ask students: What is the goal of a business? What makes a business successful? How can you compute the profit for a business? What types of costs does a business have? How is revenue generated? What strategies can a business owner use to increase revenues?

• **Interview:** Have students interview a business owner about the challenges of running a business and the strategies that are most effective for ensuring a profit. Have students present their findings in class.

• **Simulation:** Encourage students to develop ideas for businesses and create business plans in pairs. Assign them realistic figures for “startup money.” Have them work together to determine their expenses and how best to invest their money in the business of their choice. Have them write down and then present what tactics they would use to make their business succeed.

• **Chart:** Review the formula $R - C = i$ (Revenue minus Costs equals income). Have students draw up revenue and costs charts such as those in the video for the following: A hair salon that gives $15 haircuts has fixed rental costs of $800 a month and variable salary costs for two stylists of $4,000 a month.

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**Academic Standards**

**Mid-continent Research for Education and Learning (McREL)**

McREL’s Content Knowledge: A Compendium of Standards and Benchmarks for K–12 Education addresses 14 content areas. To view the standards and benchmarks, visit [http://www.mcrel.org/compendium/browse.asp](http://www.mcrel.org/compendium/browse.asp).

This lesson plan addresses the following economics and mathematics standards:

- Understands the concept of prices and the interaction of supply and demand in a market economy
- Understands savings, investment, and interest rates
- Uses basic and advanced procedures while performing the processes of computation

**National Council for Teachers of Mathematics**

The National Council for Teachers of Mathematics has developed a set of standards for instructional programs in mathematics. The standards are accessible at [www.nctm.org/](http://www.nctm.org/).

This lesson plan addresses the following mathematics standards:

- Understand patterns, relations, and functions
- Represent and analyze mathematical situations and structures using algebraic
symbols
• Compute fluently and make reasonable estimates

The National Council for the Social Studies
The National Council of Teachers of Social Studies has developed national standards to provide guidelines for teaching social studies subjects. To view the standards online, visit www.socialstudies.org/standards/strands/.

This lesson plan addresses the following social studies standard:
• Production, distribution, and consumption
  o Social studies programs should include experiences that provide for the study of how people organize for the production, distribution, and consumption of goods and services.