



## INTRODUCTION TO MONEY: ORIGIN, HISTORY AND FUNCTIONS

### Key Concepts

Barter, the purpose of money, early and current forms of money

### Summary

This lesson introduces students to types of money (cash, coin) and the purposes of money. It shows how money facilitates transactions by comparing a money system to a barter system.

### Overview & Lesson Objectives

This lesson is intended for students in second and third grades. The lesson teaches students the concept of the barter system, early forms of money, and the purpose of money.

Students will be able to:

- Describe the bartering system
- Describe early forms of money
- Describe the purposes of money
  - medium of exchange
  - stores value
  - places a value

### Time Allocation:

15 - 20 Minute Prep

35 - 40 Minutes Engagement

### Materials:

- Stickers or popsicle sticks
- Pencils
- Copies of Coloring Worksheet (one per student)
- Calculators



## Lesson Begins: Setting the Stage

**Background Builder #1:** Show students pictures of the coin worksheet, have them name the coins and review their values. Remind students that our government makes (prints and mints) our money and it is regulated.

**Background Builder #2:** Pass out small items (popsicle sticks, pencils, or stickers) randomly to students. Try to trade/barter with a different item. Reinforce that people frequently trade items they have for items they want.

**State the Objective:** tell the students what they will learn in the lesson.

*“Before the end of this lesson, you will be able to tell me what bartering and trading is. You will tell me why people created money. You will be able to explain why saving is important. Finally, you should also decide that it’s a good idea to save a certain amount every time you receive money.”*

## Lesson Continues

Ask students the following question: **“How do people get money?”** Money is given in return for a service or time.

- Teachers earn money.
- Bankers earn money.
- Professional athletes earn money.
- The person (lawn service) who cuts your grass may earn money.
- A hairdresser earns money.
- If you receive an allowance, you probably do some chores in exchange for it. This is earning money for the time you have spent doing something such as cleaning your room.

Ask students the following question: **“What do you use money for?”** Elicit responses such as to buy things or to pay for services. Most likely all answers can be classified into those two groups. For example: Paying for a vacation involves paying for the hotel, plane tickets, amusement park rides, etc.

Ask students the following, **“What do you do with money you receive?”** Elicit answers from the students such as, “Save it or buy something with it”.

**If you are saving money for something special, you know how much you will need to save.**  
Money stores value so that you can keep it for a long time without it losing value.

The barter system and the origin of money: There was a time before the money you know existed. People traded things for things. In the story of Jack and the Beanstalk, Jack traded the family cow for some bean seeds. Jack’s mother was upset because she thought it was an unfair trade. A cow was worth much more than a couple of bean seeds. What do you think?

***If you’ve ever traded something in your lunch box for something in someone else’s, you’ve used the barter system.***



Trading had many problems so people set rules. They would trade by weight. Assign classroom items a particular price: a chalkboard eraser may cost 3 pencils; a desk may be 100 pencils, etc.

Later people started to use more valuable things for trading: metals such as silver and gold. Kings liked this because the metal could be stamped with their face on it. Now everyone in the kingdom would recognize this person as king. Also, it was easy to make lots of coins of the same type and weight.

Today we have price tags to tell us how much something costs. Objects have a monetary value and this value is the same for everyone:

- If **I** want to buy a video game, it costs about \$60.
- If **you** want to buy a video game, it costs about \$60.
- If your favorite NBA player wants one, it will also cost them about \$60.

### Lesson Closer

Review the concepts of bartering and why people use money. You may choose to end the lesson with a technique from “Additional Engagement Opportunities/Resources” on the following page.



## Additional Engagement Opportunities / Resources

### Pair & Share

Students (pairs) interview one another about the lesson content. Use the questions below as a guide. Call on select pairs to share with the whole class what has been learned

Sample Questions:

- What did you learn during today's lesson?
- What item would you want to save money for, and how long will it take you to save enough money to buy it?
- What do you use money for?
- What does the word "barter" mean?
- What are some problems with the barter system?
- What does it mean when we say money stores its value?
- Why is the value of money important?

**Worksheet:** Leave students with a copy of Coloring Worksheet for them to complete at a later time.

### Creative Writing (Optional Take Home activity- Share with the Teacher)

Students will develop any of the following items that demonstrate knowledge of lesson content. Ex: A story on what they student is saving for and why?

### Money Trivia

The following are miscellaneous facts about money that you may wish to include in your presentation. They may also be helpful in answering questions the students have:

- About 3,500 years ago Cowrie shells (small seashells) were used for money in China, Africa, and Australia.
- The Yap Islanders in the Pacific Ocean used large stone disks about 13 feet across for money. (This is about as long as a chalkboard.)
- China used bricks of tea leaves for money until just 100 years ago.
- The Roman soldiers earned their wages in an allowance of salt, called a *salarium*. This is where the word *salary* originates.
- Coins last about 20 or 30 years in circulation before they are worn out. \$1, \$5, \$10, and \$20 bills last about 3 months. Then they are shredded and burned by special people in the government. \$50 and \$100 bills can last for 3 or 4 years.
- Do you know who is pictured on our currency?

George Washington \$1 - One Dollar  
 Abraham Lincoln \$5 – Five Dollars  
 Andrew Jackson \$20 – Twenty Dollars  
 Benjamin Franklin \$100 – One Hundred Dollars

Thomas Jefferson \$2 – Two Dollars  
 Alexander Hamilton \$10 – Ten Dollars  
 Ulysses S. Grant \$50 – Fifty Dollars  
 William McKinley \$500 – Five Hundred Dollars



## Educational Standards

### **National Council of Teachers of Mathematics Principles and Standards for School Mathematics, 2000:**

- Number and Operations – (Students will) Understand numbers, ways of representing numbers, relationships among numbers, and number systems.
- Algebra – (Students will) Understand patterns, relations, and functions.
- Communication – (Students will) Organize and consolidate their mathematical thinking through communication.
- Connections – (Students will) Recognize and use connections among mathematical ideas.
- Representation – (Students will) Create and use representations to organize, record, and communicate mathematical ideas.

### ***National Content Standards in Economics (from Council for Economic Education) 2010:***

*Content Standard 11, Money and Inflation*



Dime



Nickel



Penny



Quarter





**Coloring Worksheet**

Name \_\_\_\_\_

*Directions: Color the most expensive item green. Color the least expensive item purple.*

