

Social Studies

Grade 3 / Week 9

Your Week at a Glance

- Area of focus: Economics – Lesson: Trading Goods and Services
- Area of Focus: Economics – Lesson: Money
- Area of Focus: Economics – Lesson: Currency
- STANDARDS:

SS.3.E.1.1 Give examples of how scarcity results in trade.

SS.3.E.1.2 List the characteristics of money.

SS.3.E.1.3 Recognize that buyers and sellers interact to exchange goods and services through their use of trade or money.

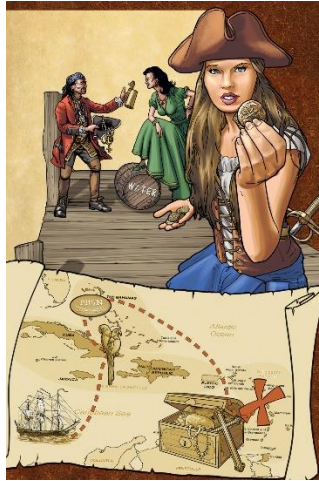
SS.3.E.1.4 Distinguish between currencies used in the United States, Canada, Mexico, and the Caribbean.

- STATUTES: 1003.42 f, r

Name

Teacher

Trading Goods and Services (adapted from Florida Studies Weekly Week 26)



Avast, ye landlubbers! It's me, the prettiest pirate, Anne Bonny. I'm here to teach you about economics. Pirate captains, buccaneers and scurvy dogs all need to know how to get goods, services and especially money! Economics is the study of how money, goods and services are made and used in a society, and how they relate to each other. Pirate economics is the study of how money, goods and services are made and used in a pirate way! Use your good eye to keep readin'.

First you need to know what scarcity is. All countries, rich or poor, have scarcity at times. Scarcity is having a very small supply or not enough of something. For example, fresh water can become a scarcity on a long voyage. Fresh drinking water is very important. When there isn't enough, pirates can start fighting each other instead of landlubbers!

People can use money or trade for the goods and services they want. When Mary Read and I travel to tropical islands, sometimes we don't have any money. However, we do have items to trade for the things we want. I like to have my sword sharpened every time I visit Madam Ching's Sharp Shop. I sometimes pay her by making a trade. Madame Ching likes my pet parrots. I traded one of my parrots for Madame Ching's sharpening services.

Next, you should know what buyers, consumers, sellers and producers are. Buyers and consumers are the same thing! Consumers buy goods or services. Pirates enjoy buying or consuming goods like eye patches and gold earrings. Pirates also pay for services like ear piercing or visiting a doctor to get stitches removed. Sellers and producers are alike, too! Producers provide services or make things to sell. Producers are people like Madame Ching who sharpen swords and polish hooks for consumers. Pirates and landlubbers alike visit many different kinds of producers.

Now that you know what scarcity, producers and consumers are, let's take a look at how these things are related. (That's how an economy works.) I'll take you for a quick tour of the Caribbean on my sloop (ship). All aboard, ye landlubbers!

First, we'll travel to Cuba. I need to capture some wild parrots for buccaneer bargains on the Pirate Home Shopping Network (PHSN). I can only find parrots easily on the island of Cuba. I know that parrots are scarce on the other Caribbean islands. Pirates will pay a lot of money to have a pet parrot. After I capture 10 parrots, we'll travel to the Bahamas to drop them off at the PHSN. I'll get paid \$100 per parrot in cash and gold pieces. How much money will I make in all?

Next, we'll travel to Mary Read's parrot-training school. Mary is a producer who provides consumers with a service (training their pet parrots). She expects consumers to pay her with money, or they can make a trade. She really likes blunderbuss pistols and captain hats. Mary's parrot school is located on a small island that doesn't have a blunderbuss store or a place to buy hats. She often will trade her parrot-teaching services for goods that are scarce on her island.

Money is what pirates want the most! With money, pirates and landlubbers can buy any kind of goods or services they want. Money is a medium of exchange. This means people have agreed that paper money and coins are valuable and have a certain worth. Coins can be made of gold, silver or some other type of metal. Dollars are special pieces of paper with numbers printed on them to represent their value.

Bartering

Bartering is the exchange of goods and services without the use of money. In some places, if you owned a cow you could always make a trade.

Salt was hard to find and very valuable. Everybody wanted salt to flavor and preserve food. Because salt was so valuable, people used it for money. In ancient Rome, the government even paid soldiers with salt.

American Indians bartered using wampum. Wampum is a type of bead made from the Northern quahog, a hard-shell clam.

Beads would often break or goods sometimes went bad. To prevent this, people started using metal for money because it couldn't break or spoil. They used copper, iron, bronze, gold and silver in exchange for goods and services.

Think and Review

1. How does scarcity cause people to trade?

2. Describe what goods are and provide examples.

3. Describe what services are and provide examples.

4. Do you think students should learn about economics? Why or why not?
Remember, economics is the study of how money, goods and services are made and used in a society, and how they relate to each other.

Money (adapted from Florida Studies Weekly Week 27)

Long ago, before money was invented, people bartered for the goods or services they wanted. Bartering is trading goods and services without the use of money. If you were a farmer and raised chickens, you might trade a chicken or two for sugar, bread or a cooking pot. The problem with bartering was that sometimes you didn't have an item that anyone would trade for. If you had animals or food to trade, those animals could die or the food could rot. Plus, it couldn't have been easy to carry a chicken around in a purse or wallet!

At first, people decided to use certain items as a medium of exchange. Some of those items were shells, salt, feathers, tea leaves, elephant-tail bristles and even dead rats! Anything you can think of has probably been used as a medium of exchange at one time. Most of these mediums of exchange didn't work out. Feathers can blow away, elephant-tail bristles can get lost easily and dead rats are just plain disgusting! Buyers and sellers wanted something that people everywhere would accept in trade. That's when they began to use metals as money. Precious metals, like gold or silver, were hard to find. This made them valuable. People chose to make their money from them because many people wanted these metals and were willing to accept them.

Nobody knows exactly who first made and used money. Some people think it was the ancient Egyptians. They melted and shaped precious metals into little bars and stamped them with symbols that showed each bar's weight. The Egyptians used these little bars as their currency, or money. Later on, the ancient Greeks and Romans created coins. A coin is a flat piece of metal stamped with a picture or design. Coins became so popular that people all over the world started using them! People have made coins out of precious metals like gold, silver, bronze, copper and iron. Countries have stamped their coins with symbols like flowers, animals and pictures of their leaders.

There were still problems, though, when people tried to exchange goods and services with money. Sometimes the coins used in one country or town were different from the coins used in another. This made it difficult to trade with money because not everyone used the same type. Using money hasn't been perfect, but it's much easier than bartering!

It is illegal to make or print your own money. The federal government tries to make it hard to counterfeit (copy) bills. Our coins and bills have special "hidden" marks and symbols to make it difficult for counterfeiters.

Paper Money

The ancient Chinese invented paper over 2,000 years ago. They also invented paper money! The Chinese government guaranteed (promised) that the paper money had value, and it soon became a medium of exchange. Paper money didn't catch on in the rest of the world for over 400 years, though. This was because it was hard for people to understand how a piece of paper could be as valuable as precious metal coins.

We now use paper money all over the world. In fact, people use paper money more often than coins. Paper money has some advantages over metal coins. It is easy to carry, and its larger denominations (values) make it easier to carry larger amounts of it. The U.S. government prints seven different dollar values or denominations: \$1, \$2, \$5, \$10, \$20, \$50 and \$100. In the past, the U.S. also printed \$500; \$1,000; \$10,000 and \$100,000 bills! People didn't use these denominations very often, so eventually the government stopped making them.

Each country around the world prints its own paper money and calls that money by a different name. In the U.S., we call our paper money a dollar. In England, it's the pound. In Mexico, it's the peso. In Canada, it's the dollar, and it's the yuan in China. Many countries in Europe have started using one kind of currency called the Euro. The Euro is what many countries have agreed to use as their medium of exchange. People also use symbols to represent paper money. See the chart to learn more!

Country	Currency	Symbol
USA	dollar	\$
Canada	dollar	\$
Mexico	peso	\$
India	rupee	₹
China	yuan	¥
Japan	yen	¥
England	pound	£
Israel	shekel	₪
Nineteen countries use the euro. Do some research to find out if more places have started using it as their currency!	euro	€

Think and Review

1. What are some reasons that using money is better than bartering?

2. Can you think of a time when someone might want to barter instead of using money?

3. Why do you think the federal government is the only legal producer of money?

4. How is paper money better than coins?

Currencies (adapted from Florida Studies Weekly Week 28)

Once upon a time, money didn't exist. People had to barter, or trade, for goods or services they wanted or needed. Bartering worked sometimes, but there were often problems. So, people decided to agree on a medium of exchange and place a value on certain items like gold, silver and iron.

In the United States, the currency began as gold and silver coins. Later they started using metal alloy coins and paper bills. In Canada, early people used wampum (shell beads), furs and American and Spanish coins for currency. In 1858, the Canadian government began making its own currency. During the 300 years Mexico was a colony of Spain, the currency was gold, silver and copper coins. Paper money wasn't printed until after the Mexican War of Independence.

In the Caribbean, the most popular form of currency was the Spanish silver dollar coin, also known as a "piece of eight." Bartering and using Spanish silver or gold dollars were the main ways people traded in the Caribbean until the 1800s. Later, the Caribbean islands became their own countries and were no longer colonies of Britain, Spain or France. The islands started minting their own coins and printing their own paper money.

Now the United States, Canada, Mexico and Caribbean countries have their own currencies and they all live happily ever after! The End.

Mexican Currency

Mexico's official currency is the Mexican peso. The peso is worth 100 centavos and its symbol is the "\$" sign. Centavos are shown using the "¢" symbol. Mexican peso coins are made in denominations of 5, 10, 20 and 50 centavos. There are also larger coins worth 1, 2, 5, 10 and 20 pesos. The 1, 2 and 5 peso coins each have a gold-colored center with a silver border. Every coin pictures Mexico's coat of arms—the eagle. The size of each coin depends on how much the coin is worth. The bigger the coin the more pesos it is worth.

Mexican peso bills are printed in denominations of \$20, \$50, \$100, \$200, \$500 and \$1,000. The bills are printed on special paper with security features to prevent counterfeiting. Around 2005, printers added raised bumps to the bills so that people who can't see can identify the value of each bill. Some of the bills are made with 100 percent cotton and other bills are made of polymer (a mixture of natural and man-made materials). All Mexican money has important people, places and events pictured on it.

Canadian Currency

The official currency of Canada is the Canadian dollar. There are 100 cents in a dollar. The Canadian bills are in \$5, \$10, \$20, \$50 and \$100 denominations. Canadian bills are brightly colored, which makes them easy to tell apart from one another and makes them difficult to counterfeit. Canadian bills are printed on polymer. The polymer material is very durable. Canadian coins come in the following denominations: 1, 5, 10, 25 and 50 cents, and the \$1 coin, the “Loonie,” and the \$2 coin, the “Toonie.” The Loonie and the Toonie have replaced the \$1 and \$2 bills.

Currency from North America

The U.S. shares the continent of North America and its surrounding waters with Canada, Mexico and the Caribbean. Each country prints its own paper money and mints its own coins. They also call their money by different names. You’ve already learned that in the U.S. we call our paper money a dollar. In Canada, it’s also the dollar, but in Mexico, it’s the peso. Eight Caribbean countries have agreed to use the Eastern Caribbean dollar. These countries are Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines. The other two are the British territories of Anguilla and Montserrat. Look at the chart to see the names of the currencies that each country uses. People also use symbols to represent paper money. See the chart to learn more!

Currency Chart			
✓	Country	Currency	Symbol
	USA	dollar	\$
	Canada	dollar	\$
	Mexico	peso	\$
	Cuba	peso	\$ or \$MN
	Jamaica	dollar	J\$
	Haiti	gourde	G
	Dominican Republic	peso	RD\$
	Puerto Rico (U.S. territory)	U.S. dollar	\$
	The Bahamas	dollar	B\$
	Trinidad and Tobago	dollar	TT\$
	Turks and Caicos	U.S. dollar	\$
	Cayman Islands	dollar	CI\$
	1) Antigua and Barbuda 2) Dominica 3) Grenada 4) Saint Kitts and Nevis 5) Saint Lucia 6) Saint Vincent and the Grenadines 7) Anguilla 8) Montserrat	Eastern Caribbean dollar	\$

Think and Review

1. Why do you think eight Caribbean countries have agreed to use the Eastern Caribbean dollar?

2. Why do you think governments produce different denominations of bills and coins?

3. What are some of the ways governments prevent the counterfeiting of bills and coins?

4. How is U.S. currency the same as the currency used in Canada, Mexico and the Caribbean?

5. How is U.S. currency different from the currency used in Canada, Mexico and the Caribbean?
