



Artist: Makenna Marchant, 3rd Grade
Teacher: Jennifer Harmon
School: Norfolk Highlands Primary
School Division: Chesapeake

Barter

Barter is a type of trade in which individuals exchange goods and services instead of using money.

BARTER – TRADING GOODS

Definition/Background

Barter is the direct trading of goods and services between people without the use of money. It is the oldest form of exchange. People voluntarily exchange goods and services because they expect to be better off after the exchange. However, to barter successfully, both parties must have the good or service in the quantity that the other desires. Money is a more efficient means of exchange. When money replaces barter, this generally makes exchanges less costly and easier to do.

Teaching Ideas

1. Instruct the students to draw and label three of their favorite things on index cards. They are then to trade the “pretend” things with other students in the class. Discuss the activity. Was it easy or difficult to conduct a trade? For those who traded, ask if they were more or less satisfied after trading.
2. Discuss the circumstances under which you might trade a working cell phone for one bottle of water.
3. Divide a piece of chart paper in half. Label one side “Reasons to Trade” and the other side “Reasons NOT to Trade.” Tell the students that while it is common knowledge that “voluntary trade creates wealth” the principal is not so sure that students should be trading their food items during lunch. Have the students provide statements to both lists. (After the activity, clarify that this situation was hypothetical.)
4. Have the students write a fable with at least three talking animals in it. The moral of this fable should be “He who trades last, trades best.”

Lessons & Resources

Print Lessons

Spotting Economics: From Africa to Ice Cream, Lesson 13: Trading in Mama Provi’s Market (elementary)
Master Curriculum Guides in Economics: K-2, Lesson 22: Birthday Barter (elementary)

Online Lessons

Saturday Sancocho (elementary)

http://www.stlouisfed.org/education_resources/assets/lesson_plans/SaturdaySancocho.pdf

Make Me an Offer – Barter and Trade (elementary)

<http://www.usmint.gov/kids/teachers/lessonPlans/wjns/2004/01-keelboat.pdf>

Rooster and the Bean Seed (middle)

<http://www.ncee.net/ei/lessons/lesson1/>

Why Do We Need Money? (middle)

<http://www.econedlink.org/lessons/index.cfm?lesson=EM629&page=teacher>

Fed Resources

Online activity - Escape from Barter Island (elementary and middle)

http://www.clevelandfed.org/learning_center/online_activities/barter_island/index.cfm

Once Upon A Dime – Comic (middle)

<http://www.newyorkfed.org/publications/result.cfm?comics=1>

Literature

- **We’re Riding on a Caravan: An Adventure on the Silk Road** by Laura Krebs. Barefoot Books, 2005. A caravan of silk traders takes a yearlong journey on China’s Silk Road, bartering for various products along the way. [Grades K-3]
- **The People of Sparks** by Jeanne DuPrau. Random House, 2004. When Lina and Doon, (The City of Ember), are invited to join the people living in the village of Sparks, they quickly learn that this rustic community uses barter for the exchange of goods and services. [Grades 4-8]
- **One Fine Trade** by Bobbi Miller. Holiday House 2009. A peddler embarks on a journey to trade an old horse for a new wedding dress for his daughter. [Grades K-3]
- **Lucky Jake** by Shannon Hart Addy. Houghton Mifflin 2007. During the Gold Rush, Jake gets a pig and he and his dad are soon trading corn fritters for blankets. [Grades K-3]

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VCEE Network Contacts

VCEE

Sarah Hopkins Finley
(804) 827-1211
shfinley@vcu.edu

Old Dominion University

Ruth Cookson
(757) 683-5570
rcookson@odu.edu

Christopher Newport University

Gemma Kotula
(757) 594-7404
econedu@cnu.edu

Radford University

Ermie W. Wade
(540) 831-5890
ewwade@radford.edu

George Mason University

Rachel Powell
(703) 314-0226
gmupowell@yahoo.com

University of Virginia’s College at Wise

Gary Stratton
(276) 328-0223
grs6j@uvawise.edu

James Madison University

Lynne F. Stover
(540) 568-3248
stoverlf@jmu.edu

Virginia Commonwealth University

Suzanne Gallagher
(804) 828-1628
sgallagher@vcu.edu

Lynchburg College

Cheryl Ayers
(434) 544-8791
ayers.c@lynchburg.edu

Virginia Tech

Barbara Taylor
(540) 231-1147
bjtaylor@vt.edu

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Lis Turner

Economic Education Specialist
Lis.Turner@rich.frb.org
(800)526-2031
(804)697-8135



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