TRADE BY BARTER

Barter is a type of trade in which individuals exchange goods and services for other goods and services instead of using money. Trade is voluntary and results in making us better off. Goods and services may also be traded for money.
**BARTER – TRADING GOODS**

**Definition/Background**
Barter is the direct trading of goods and services between people. It is the oldest form of exchange - trading goods and services with people for other goods and services. 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. Challenge the students to write a haiku that explains the process of bartering: trading without money. (A haiku is a three-lined poem containing five syllables in the first line, seven in the middle, and five again in the last line.)
2. 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.
3. Discuss the circumstances under which you might trade one bottle of water for a working cell phone.
4. 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 first graders should be trading their food items during lunch. Have the students supply statements to both lists. (After the activity, clarify that this situation was hypothetical.)
5. 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 Sanchez** (elementary)
http://www.stlouisfed.org/education/lessonPlans/SaturdaySanchoco.pdf

**Make Me an Offer – Barter and Trade** (elementary)

**Rooster and the Bean Seed** (middle)
http://www.ncee.net/ei/lessons/lesson1/ Why Do We Need Money? (middle)

**Fed Resources**

**Saturday Sanchez - Children’s Literature Lesson** (elementary)
http://www.stlouisfed.org/education/lessonPlans/elementary.html

**Richmond’s Money Museum (elementary and middle)**
http://www.richmondfed.org/about_us/our_tours/money_museum/audio_tour/barter.cfm

**On-line activity - Escape from Barter Island** (elementary and middle)
http://www.clevelandfed.org/learning_center/online_activities/barter_island/index.cfm

**The Story of Money – Comic** (middle)
http://www.newyorkfed.org/publications/result.cfm?comics=1

**Too Much, Too Little – Comic** (middle)
http://www.newyorkfed.org/publications/result.cfm?comics=1

**Once Upon A Dime – Comic** (middle)
http://www.newyorkfed.org/publications/result.cfm?comics=1

**Once upon A Dime – Video** (middle)
http://www.stlouisfed.org/education/video_library.html

**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 Scarecrow’s Hat** 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]