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LEDGER

Economic Education Newsletter

Rediscovering the Art of Barter

Would you like to trade maple syrup for a sterling silver platter? Marbles for magazines? Or acorns for coral? If you follow "swappers" columns like the one published in *Yankee* magazine, you may know all about "barter" already. And you're not alone.

More and more people today — when cash is scarce — seem to be rediscovering the art of barter.

Barter is simply the exchange of goods and services without the use of money.

Barter is often thought of in terms of trade by primitive man — before money was invented — or in terms of early American history when cash was in short supply.

Neighbors in early America exchanged labor to raise a house or clear a field or harvest crops. Often fresh products which could be produced at home like butter and eggs were brought to the country store to trade for goods which couldn't be manufactured at home — like spices, cloth and tools. The country store owner in turn could take the fresh produce to the city with him to trade for many of the imported goods which he sold in his store.

School teachers and ministers in early America often received at least partial payment for their services in the form of wood for their fireplaces, food or lodging. Local tavern owners furnished wine for church services as their share in an assessment for the church.

But there were problems with this system of barter. Fresh products didn't stay fresh long, so one needed an immediate market.

In addition, you had to find someone who was willing to take what you had to trade *and* who had what you wanted. Cash, it was discovered, served trade much better than barter did.

Cash could be saved until you needed to spend it. It would be acceptable to everyone, and items could be valued in terms of the cash. When a reliable cash supply became available, people eagerly turned from barter to a cash system.

But barter seems to be making a comeback — now especially when people find they have to stretch their paychecks further to pay rising prices.

One Michigan car dealer used barter to stimulate business from people who did not have enough cash for a car. He advertised that he would consider anything. And he got everything — jewelry, TV sets, a 1947 airplane, freezers, sheep, cows, chickens and two leases on oil wells which were being drilled in Michigan — each as a trade-in for a car. Barter helped business. (P.S. His oil wells came in.)

In fact, when you trade in an old car as partial payment for a new car, you are engaging in a form of barter. And there are many other instances of barter being used every day.

When movers advertise, "Pianos hauled away free," what they are trading is their labor for your piano. Advertisements abound for swapping homes for various seasons, and several companies exist for the sole purpose of arranging salutary home swaps.

An apartment superintendant

may swap his labor for a rent-free apartment. Babysitters may exchange their labor for room and board.

Kids — and adults — for years have bartered baseball cards to acquire full teams and all of their favorite players.

Professional sports teams engage in trading the contracts of the players themselves. Or the teams may trade one player in exchange for first choice in the annual draft of players.

In rural communities today, the exchange of labor and material among neighbors is common as people help each other with various projects — whether it be plowing a field or tearing down a barn.

In recent years, barter has also been reported as playing a larger part in international trade. Coffee beans, machine tools, tobacco and nuclear power stations may be parts of deals for desired commodities, often with specialized brokers bringing clients together from around the world.

When cash is in short supply — or when trading commodities is easier than using a variety of national currencies — barter can be effectively used to spur trade.

In fact, the more you think about it, maybe barter plays a part in your life. Have you ever traded half a bologna sandwich for two cookies when you are "brown bagging it?" Or traded doing the dishes for taking out the garbage? If so, there may be more barter in your life than you realized. Could you get through a whole day without using money — only barter? What do you think?

New England Update

Councils and Centers for Economic Education

CONNECTICUT AND RHODE ISLAND

An economic education conference titled, "Exploring Alternatives to the Principles Course," is scheduled for April 4-5 at the University of Hartford and is being sponsored by the **Connecticut Joint Council** and the **Rhode Island Council on Economic Education**, in conjunction with the **Joint Council on Economic Education**. The conference will include speakers and panel discussions on alternative approaches to the teaching of the basic college economics course. "How Worthwhile Are Experiments to Improve Teachers?" will be the topic for Friday night's main speaker, Dr. Arthur L. Welsh, director of the Joint Council's college and university program. Further details about the conference may be obtained from the Connecticut Joint Council on Economic Education, Box U-32, University of Connecticut, Storrs 06268.

MASSACHUSETTS

The **Economic Education Council of Massachusetts** is under the guidance of a new executive director this year. Thomas Curtin, formerly

deputy commissioner of the Massachusetts Department of Education, retired from that post at the end of last year and assumed his new duties as executive director of the Council. He replaced Edward McMillan who is teaching marketing at Bunker Hill Community College.

Economic Education, as an issue by issue examination of real life problems, needs to be incorporated into all subject areas, not just into social studies. That was the conclusion of the subcommittee on economic education in a report submitted to the Massachusetts Citizenship Project Coordinating Committee. This committee, initiated by the Massachusetts Department of Education, will recommend a citizenship education program to the Department of Education. Eliot I. Snider, vice chairman of the trustees of the **Economic Education Council of Massachusetts** was chairman of the subcommittee.

Teachers enrolled in the in-service economics course at the **Center for Economic Education** at Salem State College will participate in a curriculum resources workshop April 9 at Salem State. Guest speaker will be Thomas Curtin, executive director of the **Economic Education Council of Massachusetts**.

NEW HAMPSHIRE

The **New Hampshire Council on Economic Education** is planning a statewide economic education conference, May 15, at the Merrimack Valley Regional High School, Penacook, NH from 3-8:15 p.m. Keynote speaker will be Dr. Kenneth Sheldon, director of the **Center for Economic Education** at Boston University. The conference will include section meetings dealing with economics, personal development, and career education.

A special meeting of the **New Hampshire Council on Economic Education** took place at Kearsarge Regional High School, February 13, to observe the use of **WOWEE** (World of Work Economic Education) materials in the classroom. A discussion led by Robert Wilkins, director of career education for School Union 43, followed the classroom observation.

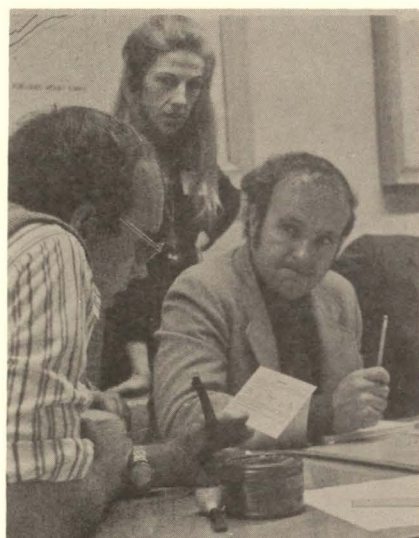
Readers are invited to use The Ledger as a forum to share news about their experiences in economic education. Write: Mary Jane Coyle, Editor, The Ledger, Public Services, Federal Reserve Bank of Boston, 30 Pearl Street, Boston 02106 or call: (617) 426-7100 X462.

Multi-Media

Grade level code: Capital letters (E-J-H-C) after each item indicate grade levels for which the materials are most appropriate: E-elementary school, J-junior high school, H-high school, C-college.

The Curious History of Money, (J-H), 16mm, 20 minutes, an animated cartoon with a narrator who describes the basic evolution of money starting with barter and including gold, gold coins, goldsmiths becoming bankers, bills of exchange, book-entry money and charge cards. The film, distributed by Barclays Bank International Ltd. draws examples from English history but still provides a good basis for explanation and discussion of "money" in the American classroom. To borrow the film without charge, write: Ms. Jose T. Croll, Administration Dept., Barclays Bank International Ltd., Pan Am Building, NYC 10017. Give alternate dates.

If We're So Good...Why Aren't We Better? (J-H-C), 16mm film which uses an exhibit at the Museum of History and Technology of the Smithsonian Institution in Washington, D.C. to explain the concept of productivity and, more significantly, to raise questions about productivity and its consequences. The film can serve as a stimulating taking-off point for discussions and independent student



Teachers attending the Boston Fed's Economic Education Workshop role-play bankers as staff member Mary Zaki observes. (See article on page 4.)

research. An excellent teacher's handbook outlines the film and suggests uses in the social studies and humanities curriculum. The handbook contains meaty suggestions for discussion and review questions and student group activities. One section probes the effects of productivity in this way:

*"Productivity must rise: Is this statement true? Why not? Is it always good for productivity to rise? Under what circumstances is an increase in productivity detrimental to our country or some segment of our country? For example, how did the use of the mechanical cotton picker influence our society? Influence workers in the South? According to this film, why must productivity rise in our economic system? Name at least four ways in which the rate of productivity affects us. List three ways to raise productivity. How might Zero Population Growth affect productivity? Is it necessarily a good thing for consumers to have an ever-increasing choice of goods? Why or why not? Is there an optimum limit to the range of choices consumers need or can wisely use? In what ways can high productivity conserve limited natural resources? How does high productivity consume scarce resources?"**

This film is available as film or video cassette from the National Education Association, Customer Service Section, 1201 16th St., N.W., Washington, D.C. 20036. The charge for renting the film for three days is \$15. Purchase costs \$135.

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The Innovative Classroom



Science teacher Nancy Nowak won a prize for her junior high school unit on the economics of pollution.

SCIENCE STUDENTS LEARN COSTS OF POLLUTION

An eighth grade science teacher in Providence, Rhode Island integrated economic principles with the teaching of a unit on ecology and won \$1000 first prize in a national competition for her efforts.

Ms. Nancy Nowak, who teaches at the Nathan Bishop Middle School, stressed the economics of the environment, the costs of polluting compared with the costs of cleaning up, and the limits of scarce resources.

The competition was sponsored by the Joint Council on Economic Education and the Calvin K. Kazanjian Economics Foundation and is the twelfth annual contest held. The Center for Economic Education at Rhode Island College encouraged Ms. Nowak's entry last year through its in-service course for teachers.

Ms. Nowak's students used plastic cups as "dumps" and deposited materials such as scraps of paper, aluminum foil, a leaf and a piece of bread. Over several weeks, they noted the relative rates of decomposition of the materials and then discussed the costs of a

land fill dump versus an open dump.

The students also played a simulation game called *Pollution Solutions*. In this game, the students role-played industrialists who wished to make money and had to decide how to handle their pollution problems. Students who chose to make a substantial investment to treat their garbage early in the game, fared better in the long run than students who tried to avoid making a large investment to treat their pollutants. These latter students experienced the costs of pollution, such as higher taxes and greater employee sickness in the game, as the disadvantages of their short-term solutions became clear. (The game is part of a K-9 environmental action series developed by the Continental Can Company and is available from Creative Teacher Inc., Box 5187, Grand Central Station, NYC 10017. The kit for grades 6-9 includes two filmstrips, a record, the game, *Pollution Solutions*, and a teacher's manual. The kit costs \$12.50. Workbooks are 35 cents each.)

Students also had the opportunity to play another game called *The Redwood Controversy*. In this game, students took the roles of U.S. senators and lobbyists and debated a law which would set up a national park. (Cost of this game for schools is \$9.96, and it is available from Houghton-Mifflin Co., Pennington-Hopewell Road, Hopewell, NJ 08525.)

A description of Ms. Nowak's unit on ecology and economics will appear in volume 12 of *Economic Experiences of Enterprising Teachers*, which will be published in the Spring and will be available from the Joint Council on Economic Education, 1212 Avenue of the Americas, NYC 10036.

(Any elementary, secondary school or college teacher in the U.S. may apply for consideration in this annual awards program. Each teacher who wishes to enter must complete a standard form available from the Joint Council on Economic Education. Deadline for entries is July 15.)

A Field Trip Is a Field Trip Is an — Economics Class?

A field trip can become the stimulus for economic learning — if the right questions are asked. And John Sapinsley, director of the Center for Economic Education at Rhode Island College, prepared discussion questions specifically for each of six business and financial institutions to which he took elementary school teachers in an in-service course, "The Field Trip as a Medium for Economic Education."

The class visited General Electric Wiring Devices, a division of the General Electric Company, which makes night lights, lamp sockets, plugs, fuses, and other small electrical devices; Cranston Print Works, a 200-year old company in the business of printing patterns on cloth; Citizens Savings Bank and Citizens Trust Company; Bonanza Bus Company, an intercity bus transportation company; the Outlet Company, a very large chain of retail department stores; and Narragansett Electric Company, the local public utility.

Prior to the visits, Sapinsley discussed with each of the companies' executives "the economic concepts which I wished to try to bring out during our trip. . .

"Obviously scarcity, work, competition are common to all. However, there were peculiar concepts which might be developed at each one. For example, in the case of General Electric, a unique opportunity existed to discuss industrial organization, market structure, demand, methods of distribution — in short, the entire theory of the firm.

"In the case of the Print Works, some interesting questions involved how an ancient textile company managed to survive in the Northeast when all others had either failed or moved South, and the process by which they reached the decision to invest new capital into what is, apparently, a dying industry in the Northeast. There were, of course, special ramifications with respect to labor, labor costs, and unions in this case.

"The banks were fertile fields for exploring the whole concept of money, monetary economics, banking, the fractional reserve system, etc.

"The bus company brought up the whole range of urban problems to be discussed, most notably transportation, congestion, and public finance in the urban sector.

"The department store chain again brought up urban problems, the main location of this large retailer being located in the heart of . . . downtown Providence.

"The utility [Narragansett Electric] was an opportunity to go

into natural monopolies, public utilities and rate regulation, and pollution.

"In every case I urged the managers to emphasize the interrelation of their particular operation and the macro-economy. The circular flow of income could be aptly illustrated: wage payments, local taxes, state income taxes, federal income taxes going into the economy; products going out; dollar revenue coming in."



Teachers discuss a loan decision during the simulation game, *Mr. Banker*, at the Economic Education Workshop at the Boston Fed in November. Staff member Kimberly Wade is ready to answer questions.

Use Ice Cubes as Money?

"What if you used ice cubes as money?"

That's how one high school teacher who attended an economic education workshop at the Federal Reserve Bank of Boston suggested that the topic of "money" be introduced to a class. Ice doesn't last and certainly isn't accepted very readily as payment, and so the characteristics of money can be elicited in a student discussion of why ice won't work.

Another teacher suggested burning \$500 — or talking about doing it — to spark discussion about why burning the money wasn't like burning paper — what made money different. One teacher suggested writing out an IOU and claiming it was a dollar — then discussing with his students how his personal IOU differed from a dollar bill.

Stating the opposite of common (and commonly misquoted)

phrases about money was another method mentioned to start discussion. For example, say "money is the root of all success" instead of "money is the root of all evil."

Over 120 teachers and administrators from six New England states exchanged ideas at the four economic education workshops held in Boston this month and last November. In addition to discussing techniques for economic education, the teachers heard about the Federal Reserve System and had an opportunity to learn more about commercial banking by "being" loan officers in the Minneapolis Federal Reserve Bank's new game, called *Mr. Banker*.

Space was limited at these workshops and for teachers who missed them, additional workshops for elementary teachers and secondary school teachers are being planned for next fall.