LESSON 2: Economic Energy

<table>
<thead>
<tr>
<th>Activity Option 1</th>
<th>Opening Skit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective this activity supports:</strong> Introduction to Lesson</td>
<td></td>
</tr>
</tbody>
</table>
| **Materials Needed** | • Appropriate Consumer Crew Critter  
  • Paper bag for hand puppet |

Introduction  Use the column on the front of the lesson packet and the opening discussion question at the top of the back cover to introduce the lesson characters and topic.

Use the introductory skit below to close the discussion and move into the lesson. Ask the youth to present the skit

**Introductory Skit**

**Penny Pig:** Maria, my pennies are not going very far anymore.

**Market Maria:** Why is that, Penny?

**Penny Pig:** You know how I like to save money. But I'm having trouble getting the things I want and need because the prices of things I want are going up faster than I can save.

**Market Maria:** Give me an example. What prices are going up so fast?

**Penny Pig:** Well, for one thing, I've been saving for a new bike. They only have one left at the store now, and they raised the price $10. Two weeks ago they had 20 bikes and started a big sale. I just needed 5 more dollars to buy it on sale—then, poof!, the sale ended, and now I need 5 more dollars! I just don't understand why things cost so much! What can I do?

**Market Maria:** It looks like you need to learn how our economy works, Penny. Have you heard of supply and demand, bartering, or inflation? Come on along, and I'll show you how it works!

Summary  Our consumer world is filled with many things to buy. Prices are changing constantly, going up and down. Sometimes we can find what we want at the store. Other times it's either sold out or the store stopped selling it. Just as our bodies need food to give them energy to stay working and healthy, our economy has energy sources. In our lesson today, we'll learn about our economy and its energy sources: the supply of things in the market and the demand we consumers put into the market by our wants and needs.
LEARNING 2: Economic Energy

<table>
<thead>
<tr>
<th>Activity Option 2</th>
<th>Economy Match</th>
</tr>
</thead>
</table>
| Objective this activity supports: Youth will identify and describe three basic functions of the economy: production, distribution, and consumption. | - Construction paper, poster board, or colored paper  
- Masking tape  
- Marking pen  
- Watch or timer (to measure 30 seconds) |

**Leader Preparation**

1. Make individual signs on newsprint or poster board for the following words: "Production (making)," "Distribution (transporting, marketing)," and "Consumption (using)."

2. Put the following words (not the symbols) on signs about the size of a sheet of paper, one per sign. Use the answer key to help you know where each item fits.

   grocery store  
   student  
   feedyard  
   gas station  
   door-to-door salesperson  
   discount store  
   photographer  
   person ordering pizza  
   bait shop  
   school  
   farm  
   fast food restaurant  
   artist  
   mall  
   spectator at a football game  
   grocery shopper

<table>
<thead>
<tr>
<th>Answer Key</th>
<th>Production</th>
<th>Distribution</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>*</td>
<td>$</td>
<td>*</td>
<td>$</td>
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<tr>
<td>*</td>
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<td>*</td>
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<td>$</td>
</tr>
</tbody>
</table>

(answer key * = Production  
* = Distribution  
$ = Consumption)
Instructions

Introduction  Our economy includes three major functions: production, or the making of goods and services; distribution, or the transporting or marketing of goods and services; and consumption, the part of our economy that happens when we buy and use goods and services. The object of this activity is to identify how activities that we are familiar with fit into one or more of these economic functions.

To Play:

1. Divide the group into two teams.
2. Put three large signs (★Production / ★Distribution / ★Consumption) on a wall or table.
3. Mix the smaller signs up and put them in a stack face down.
4. Have one person from the first team come forward and choose a small sign.
5. In 30 seconds, the player decides alone or with help from the team which category the activity shown on the sign belongs in: production, distribution, or consumption. The player puts the sign on the wall under the appropriate heading and explains why the activity belongs in that category. If the first team puts the sign under the wrong heading, the second team gets a chance to correctly place it.
6. Repeat with a player from the second team.
7. Repeat until each player on each team has had a turn in the game.

Some signs will go under more than one heading. Use these as a point for further discussion. The answer key is a guide. You may use other words on the signs to relate to specific 4-H projects or areas of the state.

Summary  A healthy economy depends on production (what is made or which services are offered), distribution (which goods and services are brought to our shopping places), and consumption (what we buy). What are some other examples of each function that you can think of here in our community? Name some other ways that you are a consumer of goods and services.

Discussion Questions

✓ How do the actions of people in one part of the economy affect people in other parts of the economy? For example, when workers stop producing (they go on strike and don’t make cars, clothes we like, or food we need), how does that affect us as consumers and the distributors such as the stores where we buy things?

✓ If kids decide they really like a certain brand of shoes or clothes, how does that affect other producers of clothes? How does it affect other consumers? How does it affect stores that distribute clothes?
Summary Points

- Our economy has three basic functions: production, distribution, and consumption.
- Both goods and services are produced and distributed for us to consume.
- The price we pay depends on how much of each good or service is produced, when and where it is distributed, and how much consumers want it for the price charged.
Lesson 2  Economic Energy

<table>
<thead>
<tr>
<th>Activity Option 3</th>
<th>On Tour</th>
</tr>
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</table>

**Objective this activity supports:** Youth will identify and describe three basic functions of the economy: production, distribution, and consumption.

| Materials Needed | • None |

**Leader Preparation**

Consider touring local factories, distribution centers, or other similar sites to illustrate the concepts of production, distribution, and consumption at work in your community. These tours could relate to other 4-H project areas.

Examples include:

- grocery warehouse: foods project
- denim mill: clothing project
- livestock market: beef, swine, or sheep project
- advertising agency or newspaper
- discount store warehouse
- feedlot: beef project
- meat packing plant: beef, swine, sheep, or foods project
- dairy foods company: foods or dairy project
- photographer’s studio: photography project

**Instructions**

**Introduction**  Market Maria has shown us that our economy has three major parts. The production part is when the goods and services are made. Distribution is the part of our economy where goods and services are taken from the producer to the consumer. The consumption part of our economy happens when we buy and use goods and services. In our lesson today, we will visit a business in our community to see these functions in action.
On notecards, write questions for the youth to find answers to while they are on the tour. They could work in teams of two people to answer the question on their card.

Some questions you might use to help youth get the most from the tour might include:

1. How many people work for this business?
2. Where does the merchandise or product produced or distributed go from here?
3. What kinds of jobs does this business bring to people in our town?
4. This business is in what part of the economy?
5. If consumers decide they will pay whatever it takes to get this product, what does that do to the jobs of people who work here? What if consumers decide they won't pay the current price for the product?
6. If this business closed, how would it change the local economy?
7. How long has this business been in the community?
8. If the business is a production type, where does it get its raw materials?

Summary  A healthy economy depends on production, distribution, and consumption. What are some other examples of each function that you can think of here in our economy? What are ways that you are a consumer of goods and services? How does your action as a consumer make prices go up or down for things we buy?

Discussion Questions

✓ Do you know anyone makes things consumers buy? Do you know anyone who does things people pay him or her to do? Tell us about what these people make or do. What part of our economy are they?

✓ When you see a train or a truck, what part of the economy are you seeing at work?

✓ When you choose to spend your money to buy something or to pay someone like a doctor for his or her service, what part of the economy are you putting to work?

Summary Points

☐ Our economy has three basic functions: production, distribution, and consumption.

☐ Both goods and services are produced and distributed for us to consume.

☐ The price we pay depends on how much of each good or service is produced, when and where it is distributed, and how much consumers want it for the price charged.
**Lesson 2: Economic Energy**

<table>
<thead>
<tr>
<th>Activity Option 4</th>
<th>Beat the Clock</th>
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</thead>
</table>

**Objective this activity supports:** Youth will describe goods and services used by consumers.

<table>
<thead>
<tr>
<th>Materials Needed</th>
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</thead>
<tbody>
<tr>
<td>* Stopwatch</td>
<td></td>
</tr>
<tr>
<td>* Pencils</td>
<td></td>
</tr>
<tr>
<td>* Paper</td>
<td></td>
</tr>
</tbody>
</table>

| Time | 30 minutes |

**Leader Preparation**

None

**Instructions**

**Introduction** Money buys both goods and services. Goods are things we can hold or see. Services include work or help someone provides for you. Some services are provided without charge to the consumer, but they are paid for by consumers through their taxes paid to city, state, or federal government. Some services are free to consumers because volunteers give their time and talent for the benefit of other people.

**To Play**

1. Divide the group into two or more teams.

2. Give each team one piece of paper and a pencil. Ask each team to choose a recorder.

3. Explain that you will name a category for a consumer good or service. They will list as many goods or services consumers use in this category as they can think of in 1 minute, and the recorder will write them down. At the end of 1 minute, each team will share their responses with the whole group. Any team having one of the responses listed by another team must mark off that response. The team having the most responses not named by another team gets the points for that category. Each category is worth 10 points. The group leader will use a stopwatch to keep track of the 1-minute response time.

4. Category possibilities to use could include:
   - Items you used to get dressed this morning.
   - Services in our community that help people.
   - Medical services available in our community.
   - Things found in a school classroom.
   - Things you can use your allowance to buy (Follow this up with discussion of which items listed were goods and which were services).
   - Services in our community that help people learn.
   - Things you buy in a grocery store.
   - Things trucks deliver.

Feel free to add or use your own categories.
Summary  We use many goods and services every day. Some we pay for every time we use them. Some goods and services can be bought and used over a long period of time, like cars, clothes, and homes. Because we are not paying for them each time we use them, we may not realize how much they would cost if we bought them new today. Some goods and services seem free, like school books, 4-H activities, or fire department services, but consumers pay for them with taxes. This makes it easier for us to have the use of things we could never afford to buy as individuals. It also makes it harder to know how much these goods and services cost. We may think things like school books don't cost us anything, so we don't take care of them as well as we do our new shoes that we pay for ourselves and know the cost.

Discussion Questions

✓ How does knowing the cost of goods and services affect what we do as consumers as we demand or want them?

✓ What are some of the goods and services you have stopped using because they cost more than you want to pay?

✓ What goods or services do you want, no matter how much they cost?

Summary Points

✓ We buy goods and services with our money.

✓ The goods and services in the marketplace change when consumers' buying choices change.
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<table>
<thead>
<tr>
<th>Activity Option 5</th>
<th>Wagon Masters</th>
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</thead>
<tbody>
<tr>
<td>Objective this activity supports: Youth will show how marketplace decisions affect the price and value of what they buy.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Materials Needed</th>
<th>Part 1. 36 complete covered wagon sets.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- 36 boxes (any small boxes such as envelope boxes, shoe boxes, etc., or you can make boxes out of poster board using the attached pattern)</td>
</tr>
<tr>
<td></td>
<td>- 144 wheels (can be made out of poster board)</td>
</tr>
<tr>
<td></td>
<td>- 36 covers (one sheet of standard typing paper for each cover)</td>
</tr>
<tr>
<td></td>
<td>- 72 axles (any kind of stick, such as bamboo skewers, that will fit across your box to hold the wheels will work.)</td>
</tr>
<tr>
<td></td>
<td>- 36 tongues (pipe cleaners work well for these.)</td>
</tr>
<tr>
<td>Part 2. 72 &quot;skins&quot; or other &quot;symbolic money.&quot; You can use any kind of colored paper or fabric scraps for this.</td>
<td></td>
</tr>
<tr>
<td>Part 3. $576 in &quot;play&quot; money in denominations of $20, $10, $5, and $1. &quot;Monopoly&quot; money or something similar works well. Play money can be bought in the toy department of many stores, or the play money master sheet can be copied to make your own.</td>
<td></td>
</tr>
<tr>
<td>Part 4. Tape for putting the wagons together.</td>
<td></td>
</tr>
<tr>
<td>Part 5. Larger boxes or sacks to package up each team’s supplies.</td>
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</tr>
</tbody>
</table>

| Time | 20 to 25 minutes for each part |

Leader Preparation

Copy or draw, cut out, and package the parts for the wagons.

This activity works well for up to 40 youth. It does take some extra time in preparation, especially the first time it is used. However, all parts can be reused for additional learning activities with the youth. Your county Extension agent may have a set of the pieces you can check out, use for your lesson, and return for other leaders to use. To help the activity go smoothly, you might consider recruiting help from teen leaders or other adults.
Instructions  Wagon Masters Part 1: Trade, Barter, and Money

**Introduction**

Our economy has three basic functions: production, distribution, and consumption. How these functions are carried out has changed over the years.

The first settlers did all three for most of the things they wore and ate. As time went by, families began doing only the things that they could do best and trading the things they grew or made to other families for all the other things they needed. Things they could not grow or make they got by trading what they had for what they needed.

As more people came to this country bringing different talents and needs, it became hard to trade because of the value of animals, foods, and services of different kinds were different. It was hard to compare the different methods of payment. For example, if someone paid the doctor with three chickens, how did it compare to someone who paid the doctor by repairing his wagon?

Over the years minerals such as gold and silver became the "common" way to put value on goods and services. Because gold and silver were very hard to carry safely, we now use money to exchange with someone to get what we want and need. We are going to play a game that shows how we use what we have to get the things we need and want—to see how our economy works.

In the first part of this lesson we will find out how our economy found its energy from people trading what they had to get things they needed and wanted from other people who had those things.

**To Play**

1. Divide the group into four teams. A maximum of 40 young people, 10 per team, can play at any one time. Smaller teams, with 4 to 6 members each, are more desirable.

2. Distribute the wagon parts to each of the four teams in the following manner.

<table>
<thead>
<tr>
<th></th>
<th>Team A</th>
<th>Team B</th>
<th>Team C</th>
<th>Team D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boxes</td>
<td>17</td>
<td>17</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Wheels</td>
<td>68</td>
<td>4</td>
<td>68</td>
<td>4</td>
</tr>
<tr>
<td>Covers</td>
<td>1</td>
<td>17</td>
<td>17</td>
<td>1</td>
</tr>
<tr>
<td>Axles</td>
<td>2</td>
<td>2</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Tongues</td>
<td>1</td>
<td>1</td>
<td>17</td>
<td>17</td>
</tr>
</tbody>
</table>

It saves time to have these already separated and in boxes or sacks ready to give each team at the beginning of the activity.
3. Explain the game this way:

Playing the Wagon Masters Game will be a chance to know what it's like to have some but not all the parts you need to build a wagon, just like the early pioneers, who had some but not all of the things that they needed for a good life. If you can find another team who has the parts that you need, and if you have some parts that they need, you can trade parts so both teams will have all the parts you need to build a wagon. The game of the Wagon Masters is for each team to trade parts with other teams so they may build as many wagons as possible for the long trip West.

Your team has 15 minutes for trading parts with other teams.

The team with the longest wagon train (the most completed wagons) at the end of time will be the winning team. Incomplete wagons do not count, because they could not be used to make the trip West. All teams will have more completed wagons after trading than they had at the start, so there are no losers.

4. Start timing and supervise the trading. Suggest trades such as: "Why don't you trade some of your wheels to someone to get some axles?"; "You can trade more than one wheel to get a wagon box if you want to"; etc. Also remind the teams of the time left and the fact that incomplete wagons don't count.

5. At the end of the 15 minutes, have the teams line up their wagon trains and let them determine the winner.

Summary  If you have something that someone else wants and he or she has something that you want, you may both be better off if you trade. What you give up in trade is worth less to you than what you get in return; what the other person gives to you was worth less to him or her than what he or she got from you. So, you are both better off than before, even though both of you together have no more "things" than you had before.

Can you think of examples of how you use trading today? What does the price you are willing to pay for something say about how much owning the item is worth to you?

Discussion Questions

✔ What would have happened if your team decided not to trade away any of your parts?

✔ How did you decide how many parts you would be willing to trade away to get another part you needed?

✔ What did you learn about trading things with other people?

Summary Points

✔ In our economy, people exchange what they have to get things they want and need.

✔ Money, talent, things we own, and things we can make or grow are exchanged to show what we are willing to give to get what we want and need.

✔ Things used by consumers to exchange for things they want and need have changed in the past and will probably change in the future.

11 Lesson 2: Economic Energy
Instructions  Wagon Masters Part 2: The Money-Barter Game

Introduction  We have learned that our economy has three basic functions: production, distribution, and consumption. In Part 1 of the Wagon Masters game, you learned that the first settlers did all three for most of the things they wore and ate. Things they could not grow or make they got by trading what they had for what they needed. Indians often used beads or shells to make trading easier. Early settlers often used animal skins in the same way. Since skins or furs have many uses, they were generally accepted in trade by almost anyone. A farmer might accept skins in trade for a cow even if he did not need the furs. He knew that he could trade the skins to the blacksmith to get his horses shoes, to the miller to get his wheat ground, or to the general store for cloth and salt.

In Part 2 of the Wagon Masters Game, we will find out how consumers in pioneer day "bartered" or traded things they had with other people who had things they needed or wanted. Sometimes they would end up with skins, beads, or other things they would get from one trade and use them to get other things they needed in a later trade.

To Play

1. Keep the same teams as in the Barter game.
2. Distribute the wagon parts to each of the four teams in the following manner:

<table>
<thead>
<tr>
<th></th>
<th>Team B - 18</th>
<th>Team C - 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wheels</td>
<td>Team B - 72</td>
<td>Team D - 72</td>
</tr>
<tr>
<td>Covers</td>
<td>Team C - 18</td>
<td>Team D - 18</td>
</tr>
<tr>
<td>Axles</td>
<td>Team C - 36</td>
<td>Team A - 36</td>
</tr>
<tr>
<td>Tongues</td>
<td>Team D - 18</td>
<td>Team A - 18</td>
</tr>
<tr>
<td>Skins</td>
<td>Each Team - 18</td>
<td></td>
</tr>
</tbody>
</table>

3. Remind the teams that, in this part of the game, their team can trade either wagon parts or "skins" to get the wagon parts that they need. When the final count is made, both wagons and skins will be counted to determine the winner. Six skins will be equal in value to one wagon. Each team decides the "prices" they charge in "skins" for each wagon part they sell. For example, boxes, covers, and tongues might trade for one skin each. Axles might be traded two for each skin, and wheels might trade four for each skin. These are just examples: the teams may pay more or sell for less.

4. Give the teams 5 minutes to plan their strategy. What do they need and how are they going to get it? Explain that the teams will have 10 minutes in which to trade parts and/or skins with other teams. At the end of the 10-minute period, the team with the biggest wagon train (the most complete wagons) and the most skins (6 skins are equal in value to 1 wagon) will be the winner. Again, all the teams will be better off than when they began, so there will be no losers.
6. Start timing and supervise the trading. Suggest trades where teams do not seem to be catching on to how to use the skins as a way to "buy" parts. Remind teams that 6 skins are equal in value to one completed wagon. Serve as a messenger if you know that one team needs a part that another is trying to sell or vice versa. Remind teams of amount of trading time remaining.

7. At the end of the 10-minute period, ask the teams to line up their wagons and stack up their skins at the lead wagon. Ask for a count of wagons and skins to determine the winner.

**Summary**

If you have something that everyone else will accept in trade, such as the skins in this game, it is much easier to trade for the things you want and need. The key in pioneer days was if something once became generally accepted among a large number of people, then it was good "money." This money became the standard of value—for example, in our game, the value of each part could be stated in terms of how many skins it was worth. Skins were also a way to store value, as the farmer might trade his crops at harvest time for skins that he could use to buy salt, fish, meat, etc., that he needed throughout the winter.

Today we call trading things you have for things you need "bartering." How do we barter today?

- baseball card trading.
- coupons earned at school for attendance or good work.
- free game or movie passes for jobs done or achievements earned.

**Discussion Questions**

✓ How was this game different from the first game?
✓ Was it easier or harder to get the parts you needed?
✓ How many skins did you have to pay to get wheels, boxes, axles, etc.?
✓ Was everyone willing to take skins in trade for the parts that you needed?
✓ Was everyone willing to take the parts of which you had too many, or did you have to find someone who needed that particular part?

**Summary Points**

- In our economy, people exchange what they have to get things they want and need.
- Money, talent, things we own, and things we can make or grow are exchanged to show what we are willing to give to get what we want and need.
- Things used by consumers to exchange for things they want and need have changed in the past and will likely change in the future.
Instructions

Wagon Masters Part 3: The Money Game

Introduction
As more people came to this country bringing different talents and needs, it became hard to trade because the value of different kinds of animals, foods, and services were different. It was hard to compare the different methods of payment. For example, if someone paid the doctor with three chickens, how did it compare to someone who paid the doctor by repairing his wagon?

Over time, precious metals such as silver and gold became used as money in place of skins, beads, etc. The major problems were in determining the weight and purity of these metals. To help with this problem, the government began to make, or "mint" coins that were of a standard weight and purity. Anyone trading these coins would know immediately the true weight and purity of the metal they were trading, but gold and silver were very hard to carry safely. We now use money to exchange with someone to get what we want and need.

We are going to play the third part of the Wagon Masters Game to see how stores became a place for people to sell things they make for money to use to buy things they need and want. The first paper money represented promises to pay in silver or gold upon demand. For each "dollar" of paper money issued by the government, there was a "dollar's worth" of gold or silver in a bank vault somewhere to back it up. The paper money of today is also a type of "I.O.U.," even though it is not backed with gold or silver. It is an I.O.U. that may represent any type of good or service, not just gold or silver. The government's current responsibility is simply to maintain the value of the dollar. A dollar is really worth whatever it will buy. As long as people accept dollars in trade, they are "good" money. That's the way our economy gets its energy today.

To Play

1. Keep the same teams as in the two previous games.

2. Sort the wagon parts and set up "Texas Wagons, Inc." supply store. Wagons will be sold as parts only. Each part will be priced separately. The group leader will run the wagon supply store.

   | Suggested Price List: | Boxes | $4.00 ea. |
   |                   | Wheels | $1.00 ea. |
   |                   | Covers | $4.00 ea. |
   |                   | Axles  | $2.00 ea. |
   |                   | Tongues | $4.00 ea. |

3. Give play money to each team for use in this game. Each team should receive $234 with which to buy wagon parts from the Texas Wagons, Inc. supply store.

4. Introduce the Wagon Masters Money Game. The basic difference, in comparison with the two previous games, is that teams can now use "money" to buy the wagon parts they need for their wagon trains. They may still trade parts they have purchased with other teams for either money or other parts. Also, the teams begin with no wagon parts; instead, they have paper money only.

   The object of the game, as before, is to get the longest wagon train for the trip West. But this time the final count will be made in terms of "dollars" rather than wagons. Each wagon will be worth $20 dollars in the final count. The winning team will be the one that has the greatest dollar value at the end of trading, counting both wagons and play money.
5. Give the teams 5 minutes to plan their strategy at the beginning.

6. Teams take turns in buying from the Texas Wagons, Inc., supply store. In each turn, each team may purchase up to $30 in parts. This allows each team to have an equal opportunity to purchase and build wagons. Buying continues until all wagon parts are gone.

7. Give the teams up to 5 minutes to buy sell or trade any excess parts among themselves.

8. Supervise the trading.

9. Ask the teams to line up their wagons and count their money to determine the total dollar value of their wagon trains and money. Each wagon will count as $20. Incomplete wagons do not count.

Summary
People gain by trading. In a fair trade, both people are better off after the trade than before, even though they have the same total "things" as before. Trade allows people to specialize in doing the things they do best. Money simply makes it easier to trade. A person would trade for skins if the person with whom he or she was trading did not have anything else to get the things that were needed. The skins also served as a "store of value," as they could be saved over a long period of time and traded all at once for a big "purchase."

Money in "dollars" came about to make trade even easier. Dollars made possible buying and selling based on prices as we know them today. But we are still just trading in much the same way the early pioneers did. We just sell the things we value less to buy the things we value more. We trade but use money to make the trade easier. Money is worth whatever it will buy. Money is just a substitute for things.

Discussion Questions
✔ How was using money different from using skins?
✔ Was it easier or harder to get the wagon parts you needed?
✔ Was it easier to begin the game with wagon parts as in the first two games or to begin with money instead?
✔ Why were you able to trade paper money for real wagon parts?
✔ Why do you suppose that completed wagons were worth more than the total cost of the parts needed to build a wagon?
✔ If you could take home either a $20 bill in game money or a completed wagon, which would you choose and why?

Summary Points
✔ In our economy, people exchange what they have to get things they want and need.
✔ Money, talent, things we own, and things we can make or grow are exchanged to show what we are willing to give to get what we want and need.
✔ Things used by consumers to exchange for things they want and need have changed in the past and will probably change in the future.
Wagon Wheel Pieces

Instructions:
1. Fold side flaps up along dotted lines.
2. Secure with tape at corners to form box.
   (Posterboard works well for the boxes.)

Side
(fold here)

8" long
Side
(fold here)

Bottom
(fold here)

3" deep sides
Side

Wheel
3" diameter
Wagon Masters Money • page 3 (Make 4 copies)
LESSON 2: Economic Energy

<table>
<thead>
<tr>
<th>Activity Option 6</th>
<th>Candy Store</th>
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<tbody>
<tr>
<td><strong>Objective this activity supports:</strong> Youth will show how marketplace decisions affect the price and value of what they buy.</td>
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<table>
<thead>
<tr>
<th>Materials Needed</th>
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<tbody>
<tr>
<td>• Play money</td>
<td></td>
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<tr>
<td>• Paper-wrapped candy or peanuts in the shell</td>
<td></td>
</tr>
<tr>
<td>• If candy is used, have a variety of sizes from bars to small, bite-size pieces.</td>
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Leader Preparation

None

Instructions

Introduction  When we buy something, we are really bargaining with the seller. If you see something you want, but don’t want to pay the price asked by the seller, you can make an offer to buy it at a lower price you would be willing to pay. Sometimes, the seller will take your offer. Sometimes the seller will ask a price lower than the first one, but higher than your offer. The bargaining will continue until you agree on the price. Sometimes the seller values what he or she is selling so much that he or she would rather take the chance of not selling it than to take a lower price.

You do the same thing when you exchange things with your friends or when you buy things. The Candy Store game we are going to play now will show you how the price for something can change as different consumers bargain with the seller.

To Play

1. Give each person 50 cents in play money, made from bottle tops or copies from the masters at the end of the activity guide.

2. Explain that the money will be used to “buy” candy or peanuts. The group leader will be the “Candy Store.” State that the price for each piece is open for “bargaining.” Explain what the term “bargaining” means.

3. Round 1: Have lots more candy or peanuts than players have money. Permit a price to go low, to illustrate the effect of large supply and demand on price (it usually decreases).

4. Open the “Candy Store” and permit purchases. After a period of time, close the store. Ask the members to describe what happened to the price and supply as each tried to get candy.

5. Round 2: Have fewer pieces of candy or peanuts than players in the group. Permit the price to rise as participants “compete” to get candy, to illustrate the impact of demand on small supply and price.

6. Open the “candy store” and permit purchases. After a period of time, close the store. Ask the youth to describe what happened to the price and supply as each tried to get candy.
Optional Discussion

Share how supply and demand affect pricing and value by using examples from other 4-H project areas such as:

- crops—market prices.
- foods—vegetable and fruit price changes as they are in season.
- livestock—market prices.
- computers—how prices change as models became more readily available.
- clothes—back-to-school and seasonal changes.

Summary  Consumers can affect the price of things by demand. When something is scarce (in short supply), prices tend to rise. When something is plentiful, the price tends to go down.

Discussion Questions

✓ Tell us about something you want or have wanted so much that you would pay a higher price to get it?

✓ When things cost more than you think they should, what can you do to help bring the price down?

✓ If everyone in this group went to the store and bought all they could of the same thing, like the same style of shoe, what would happen to the price?
Summary Points

- Consumers can affect the price of many things they want and need.
- As consumers want more of something that is short in supply, prices go up.
- If consumers buy less of something that is plentiful, the price goes down.
- Sometimes consumers can save money if they choose a brand many other people are not buying.
- Sometimes consumers spend more for something than they have to because they want it now and it is in short supply (example: fresh fruit), or they want the brand many other consumers want, no matter how much it costs.
Lesson 2: Economic Energy

<table>
<thead>
<tr>
<th>Activity Option 7</th>
<th>Concluding Skit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective this activity supports:</strong> Conclusion to Lesson</td>
<td></td>
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</tbody>
</table>
| **Materials Needed** | • Appropriate Consumer Crew Critter  
• Paper bag for hand puppet |
| **Time** | 5 minutes |

**Concluding Skit**

**Market Maria:** So you see, Penny, there is a lot more to our economy than meets the eye. Making products and services, transporting or taking them to stores where consumers like us can buy them, and decisions about how many we use and what we’re willing to pay to use them makes the prices go up or down.

**Penny Pig:** You know, Maria, we have so many goods and services we want or need. I never knew about supply and demand and how my consumer decisions can cause prices to go up or down. I’m not going to forget about bartering my skills to get things, too, so I can use my money where I can’t trade to get what I need.

**Market Maria:** You learn fast, Penny! I’m on my way to barter with Enviro Myra for some of her great compost I can use for my garden. I have an extra radio-controlled car she might use to show people how they can save gas and money by driving slower.

**Penny Pig:** Wow! Even when you have enough money to have your own business, you still trade, don’t you?

**Market Maria:** Money is the main energy for our economy today, but it’s not our only fuel for the economy. Money is only one of our resources. They all work together in our neat economy.

Ask youth to complete the lesson evaluation.

Explain the family activity sheet, and give each child one to take home and share.
Family Page

We make economic decisions every day, and we can see the results of economic decisions everywhere we look. The lesson "Economic Energy" has taught your child about the three major parts of our economy: production (making), distribution (transporting and marketing), and consumption (using). Ask your child to tell you about them.

Both goods and services are produced and distributed for us to consume. Your child has learned that the price we pay for goods and services depends on how much of it is produced, when and where it is distributed, and how much consumers are willing to pay to own it. Games played in the lesson helped your child see that when he or she wants more of something that is short in supply, prices go up. If he or she buys less of something that is plentiful, the price goes down.

To make the most of the "Economic Energy" lesson, you are encouraged to ask your child these questions:

1. What goods and services did we use as a family today?
2. What makes the price of a package of gum go up or down?
3. What difference do you make in our community or city economy?

This is one of six lessons your child will study to build skills in consumer decision-making. Come see our group at work any time you can. Please share your thoughts about this lesson series. Working together, we can help youth be successful as consumers.