

Tickets ➔ Turkey Legs ➔ Taxes

The Velocity of Money at the Fair

CARS, CRAFTS
AND COMMERCE

QUEST 06
ECONOMICS

STATE FAIR OF TEXAS
CURRICULUM

Walk through the gates of a place as bustling as the State Fair of Texas, and you're surrounded by ways to spend your own money and people rapidly spending their own. As you buy your first soda or ride ticket, you realize that the Fair is the perfect laboratory for exploring the velocity of money, one of the most important concepts for understanding just how vibrant an economy really is.



During this Cars, Crafts, & Commerce Quest, you will:

- ★ Create and put to work your own working definition of “velocity of money.”
- ★ Make predictions in the field about the money at the Fair.
- ★ Form an educated guess about what might happen to our theoretical Fairground economy if you elected to save and not spend an imaginary \$10.
- ★ Employ your Fair Day observations and analysis to suggest potential economic implications.
- ★ **Answer the Essential Questions:** Why is it important for money to move as quickly as possible through a designated economy? What basic tools might a government use to accelerate the velocity of money? What role do pricing and taxation structures have on the velocity of money?
- ★ **Achieve the Learning Target:** I can effectively explain the concept of velocity of money; I can analyze the role pricing and taxation policies play in speeding or slowing the movement of money through an economic system; and I can clearly state the impact that the slowing and speeding of the velocity of money can have on an economic system.



Standards

- ★ Art TEKS: Art I: 1A, 1B, 1C, 2D, 4A; Art II: 1B, 1C, 2D
- ★ ELAR TEKS: E4(14)(A), E4(18), E4(19)
- ★ Career Development TEKS: 127.15 (c) (1) (A–I), (2) (A–C)
- ★ Economics TEKS: 1(A), 2(A), 21(A), 21(E), 22(A), 22(B)



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STATE FAIR MAP



Invitation

★You're invited to visit several Fairground locations to observe and record the many ways money changes hands at the Fair. Don't forget your materials and instructions, below!



Plan Your Route

★Start by predicting your own movement through the system...You might start, for example, by watching people purchase tickets to the Fair - then shift to observe coupon sales at a kiosk near the Midway. After that, you might go to the Tower Building Food Court to watch folks exchanging those tickets for lemonade or corn dogs. Where else could you go?

Before You Go - (Timing: 2 x 45-min daily classes or 0.5 x 90 min block class)

Money on the move really has no fixed address: if you start tracking its journey as allowance or summer-job money, your \$10 bill might move from your wallet, to a Fair ticket kiosk cash register, into the hands of a lemonade vendor, who then uses it to help pay for a delivery of paper cups! As it turns out, money serves as the "lubricant" of a healthy economy, and the faster money moves through the system, the stronger that economy is deemed to be.

In the classes before your school's Fair Day, work together to develop a basic understanding of the concept of Velocity of Money by:

- ★Examining several typical ways money can move through an economic system.
- ★Writing your own working definition for velocity of money.
- ★Using your notes to predict two ways you might witness a \$10 bill change hands on Fair Day - and form an educated guess about how quickly these transactions might occur and who they might involve.
- ★Creating "avatars" for several typical participants in the "economy" of the State Fair: a food vendor; a high-school senior on Fair Day; a paper-napkin supplier; a Midway ride operator; and a mother of two attending the Fair.

Your exact navigation through the Fair is up to you, just work to observe 5-10 types of financial transactions between several economic actors at multiple places in the park.

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Plan it out ahead of time and write down your itinerary here:

★ Destination 1: _____

★ Destination 2: _____

★ Destination 3: _____

★ Destination 4: _____

★ Destination 5: _____

★ Destination 6: _____

★ Destination 7: _____

★ Destination 8: _____



Optional Materials to Bring

- ★ Your “A Fair Point: The Velocity of Money Makes the Economic World Go Around” chart
- ★ Pen or Pencil
- ★ Notebook or Paper
- ★ Smartphone or Tablet
- ★ A printed map of the State Fair of Texas, available online or at any gate



While You're There

The objective of your visit is to use the “**A Fair Point: The Velocity of Money Makes the Economic World Go Around**” chart to record key information about the location, type, participants in, and estimated size of a variety of transactions. Bring the info home to complete your projects back at school!

A Fair Point: The Velocity of Money Makes the Economic World Go Around

Use this chart to record key information about the location, type, participants in, and estimated size of a variety of transactions. Also, scout out and spend 20 minutes at a busy vendor location, counting the number and, where possible, estimating the dollar amount of each transaction.

After that, select a single, popular product at the State Fair of Texas, and gather information about the price of each (perhaps based on a number of coupons) and, where applicable, the percentage and cash value of any sales tax collected.

Finally, using the information you've just gathered you'll make an educated guess about the number of times an imaginary 10-dollar bill might change hands in a single four-hour afternoon at the Fair.

➡ Taxes

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ECONOMICS

STATE FAIR OF TEXAS CURRICULUM

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After the Fair (Timing: 2-3 x 45-min daily classes or 1-2 x 90-min block)

Once you're back in class, pull out your "A Fair Point: The Velocity of Money Makes the Economic World Go Around" chart for group discussion and analysis.

- ★ Working in your small group, compare and discuss the data you gathered.
 - o What trends did your group notice?
 - o Were there any surprises?
 - o Can your group identify 3 patterns that seem to drive these transactions?
- ★ Next, use the pricing and tax data to explore the role that prices and taxes might have on typical State Fair purchases.
 - o Then, form a hypothesis about the impact that raising and lowering prices - and, separately, taxes - might have on velocity of money at the Fair.
- ★ Make an educated guess about what might happen to our theoretical Fairground economy if you decided to save and not spend that \$10.
 - o Explore what might happen to velocity of money at the Fair if 80% of an estimated 20,000 daily Fairgoers made the same choice.
- ★ Use your Fair Day observations and analysis to suggest in a well-written, college-ready paper at least two potential economic implications for government savings rates and taxation policies:
 - o "Write a one-page, well-supported essay in which you discuss the impact that raising or lowering the State of Texas' sales and tax rates might have on the state's velocity of money."



ART PORTION

Now that you have "followed" your \$10 bill around and charted its possible transactions, create a cartoon strip of the places that you could imagine the bill going.

- ★ Draw at least 5-10 panels that show the bill on its adventures and the different experiences it might have throughout the day.
- ★ Here is a link to a website that walks you through some simple steps to get started with your cartoon: <http://www.wikihow.com/Write-a-Simple-Comic-Strip>
- ★ Some things to keep in mind are:
 - o Keep it simple.
 - o Use clean, precise lines.
 - o Create your panels using the same style
 - o Create a story of some sort. (For this one, the premise of the story has been created for you: the adventures of a \$10 bill on a day at the State Fair of Texas!)
 - o For your frames: using a ruler, you can draw your own frames, or you can download a template here: <http://www.donnayoung.org/art/comics.htm>

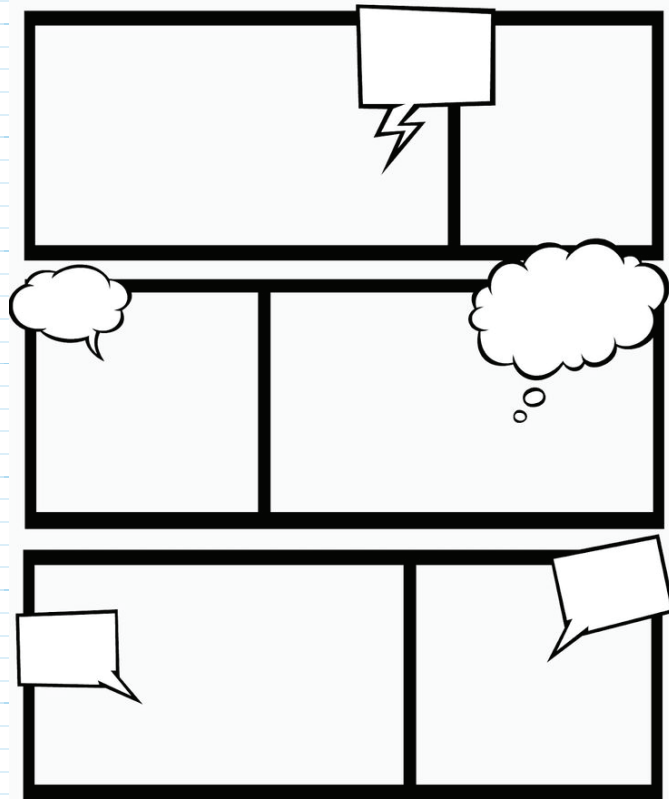
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ENGLISH PORTION

Perspective is very important. Reading a story from the perspective of your sister is very different from reading the same story from the perspective of your dog. Each perspective contains different emotions, feelings, and descriptions, but they both tell an important story. You've followed your dollar bill around the Fair, and now it is time write a story from the perspective of the bill.

- ★ Describe what the bill is feeling, seeing, experiencing.
 - For example, how is each bill held, what is the bill being spent on, how does the bill feel being exchanged from hand to hand?
 - Your story should be 1.5 typed pages and contain lots of adjectives, descriptive language, and vivid imagery.

Source: <http://someiart.com/wp-content/uploads/2016/08/comic-strip-template-feidlc9g.jpg>