

EC 380: Currency Exchange Activity

Handout

Set-up

- The classroom is divided into 2 economies. One economy operates with **WHITE** currency, the other uses **PINK** currency.
- Two desks/tables, one for each economy that represents the "shops"
- Two tables drawn on the board: **Distributions** and **Open Market Exchange Record**

Roles

- There are 2 students assigned to each shop. These "**Shopkeepers**" will periodically distribute the contents of the packets with each team getting an equal portion of the available currency
- Students form 8 teams within their respective economies and as evenly as possible (max: 5 students)
- Subject to the **Trading Rules** below, each team can decide when and how to spend their currency to purchase goods
- The instructor will keep time and is the ultimate authority on all matters

Activities

- As seen in the **Distributions** table, there will be six **buying/selling** rounds
- At the beginning of each round, the **Shopkeepers** will open their packets and record the contents in the **Distributions** table. They then distribute equal amounts of currency to the teams in their respective economies. When the instructor indicates, the **Shopkeepers** then oversee the sale of goods available at their stores - subject to the **Trading Rules**

Trading Rules

- General Rule: Teams from one economy can always sell their goods on a **cash-only basis (no barter)** to teams in the other economy for prices they negotiate for themselves. As these happen, they **MUST BE RECORDED** on the **Open Market Exchange Record** table

Round 1:

- Teams can buy goods only from their own economy's stores at the set price

Round 2:

- Any team is free to access either shop, so long as they have the **appropriate currency**

Round 3 - 6: RULES TO BE ANNOUNCED