Classroom Societies and Common Markets: The Gem Fair

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In-class societies such as the Mini-Society and Mini-Economy provide opportunities for teaching important lessons about choice, scarcity, and economic organization. Those lessons are multiplied when in-class societies meet each other for simulated international trade. We describe a Global Entrepreneurship Marketplace Fair (GEM Fair) for participating elementary and middle school students. The basics of in-class societies, the benefits of cross-society trade, and the administrative setup of an international marketplace are summarized. The limitations of a GEM Fair as also discussed, including large subsidies from parents, “end-of-the-world” effects near the end of a GEM Fair, and the tendency of a free GEM Fair market to produce too many snack food items (from a parent's or teacher's point of view).

Key Words: entrepreneurship, simulation, elementary economics, fair, in-class society, Mini-Economy, Mini-Society

Introduction

Students can learn economics and entrepreneurship as they experience their own in-class societies using Mini-Society (Kourilsky, 1996a-d; Kourilsky, 2000; Kourilsky, 1977) and Mini-Economy (Day & Ballard, 2006) materials. Students act as producers and consumers, while the teacher guides learning through structured debriefings and consultations. The learning available to students, however, can be increased if multiple classrooms engage in cross-society trade. We report the results of more than 10 years of experience with one such cross-society trading opportunity, the GEM Fair hosted by James Madison University. (“GEM” stands for “Global Entrepreneurship Marketplace.”) Our intent is to convey economic lessons learned in originating and administering the GEM Fair.

The Mini-Society and Mini-Economy

In a Mini-Society or Mini-Economy, students form an in-class society. They set up a currency and decide on what civil servants they will employ. Money typically is infused into the society by paying for tasks such as classroom jobs and desirable behaviors. (The materials warn against over-use of the society as a classroom management tool, however; see Day & Ballard, 2006, p. 40.) Spontaneously, or with teacher direction, students form businesses, realizing that
earning the society’s currency will allow them to buy the society’s output. Craft items and food items are common. As the economy continues to grow and new businesses are formed, there are scheduled market days for organized periods of exchange. The teacher also may hold auctions. All of these buying and selling activities generate “teachable moments” that can be debriefed and expanded on by the teacher (Kourilsky, 1996a; Kourilsky, 1996b). The society may conclude with an auction to draw in the remaining currency.

All of these described activities can take place within a single in-class society. Learning opportunities are expanded, however, if cross-society trade becomes possible.

**Basic Functioning of the GEM Fair**

The basic institutions of a GEM Fair are simple. A common currency, the GEM, is established, with an assumption that the average productivity of participating societies is 200 GEMs per capita. Each participating society’s teacher reports average money holdings in native currency and the host provides a currency conversion table so that incoming students’ average holdings are 200 GEMs each. For example, in a society that had Schoolbucks as its currency and average money holdings of 300 Schoolbucks per capita, the exchange rate would be 1.5 Schoolbucks per GEM. The enterprising student holding 1500 Schoolbucks going into the GEM Fair would exchange that currency for 1000 GEMs (at the home classroom, before attending the fair). Given the 200 average, most classmates would have much smaller holdings.

For the day of the GEM Fair, the host provides a large open space and tables for participating students. Set-up time is allowed, followed by a merchants’ meeting to introduce the societies. The market opens with the ringing of a bell and student trade continues for 90 minutes. This time should be adjusted for especially large or small gatherings. During the market period, judges circulate to decide on awards for the most innovative products and marketing. (A separate essay contest, with judging before market day, may also be part of a GEM Fair.) Cleanup and lunch follow, with an afternoon awards ceremony concluded in time for students to return by bus to their home schools before dismissal.

**Additional Benefits of Cross-Society Trade**

The benefits of trade are readily apparent to students during in-class societies. Additional benefits appear as students prepare for, and attend, a GEM Fair. Benefits to the societies include greater selling opportunities to a larger market, economies of large-scale production, enhanced consumption opportunities, and a far greater variety of consumer products. More important than the production and consumption benefits of the GEM Fair are the educational benefits, including:

- Opportunities to teach about trade and globalization as students experience a market wider than the classroom.
- Opportunities to teach about foreign exchange rates as students exchange their in-class currencies for GEMs.
- Stimulation of greater creativity and innovation in student products and services because of the greater rewards, both in the marketplace and in judged prize competition, at the GEM Fair.
- Motivation for better writing about in-class society experiences because of the judged essay competition.

**Limitations and Drawbacks**

By definition, no simulation replicates a real economy. The institutions of the GEM Fair may give students an overly optimistic view about scarcity in real-world economies. The GEM Fair economies tend to be consumption economies with huge subsidies from outside in the form
of parent contributions of real resources. Clearly, the high real incomes are not sustainable; as parents could not help bake brownies or stitch purses for days on end.

The GEM Fairs also are subject to “end-of-the-world effects.” Economists have studied such effects with complicated inter-temporal models, but the effects cannot be observed in real economies unless the world actually is about to end. Near the end of GEM Fair trading, students give away large bundles of GEMs, correctly reasoning that GEMs will have little value after trading ends. These effects can be moderated if teachers redeem GEMs in the days after the GEM Fair and have additional in-class activities with their native currency. However, the GEM Fair works best in schedules near the end of the school year, and students may doubt that GEMs are worth saving.

The institutions of a GEM Fair are vulnerable to exploitation. Teachers quickly catch on to the fact that strong classroom currencies yield a favorable exchange rate with GEMs. They could oversee societies that inflated their currencies, and then falsely report low average money holding in order to give their students more purchasing power in the GEM Fair. In our experience, teachers have not done this, but instead, have properly and ethically reported their money holdings. Schools’ emphasis on fairness, the ethical standards of teachers, and the relatively low gains to cheating have, no doubt, contributed to the absence of such problems to date.

Some observers of GEM Fairs are concerned about the product mix of a free market. Left on their own, elementary and middle-school age children will produce and consume a high proportion of food items. Typically, some are homemade but, others are simply pulled from purchased packages. We see this not as a weakness, but as an opportunity to teach (Kourilsky, 1996a) about how free markets satisfy preferences backed by money rather than what people “ought” to prefer. Alternatively, the GEM Fair host may engage in benevolent regulation by banning food items, banning prepackaged food items, or restricting entry into food selling. This also may be the topic of a useful classroom discussion.

Learning by Doing: The Administrative Side

Although the administrative details of the GEM Fair are uninteresting to some academics, they are vital to the teachers and organizers at a GEM Fair. We have posted GEM Fair materials (Wood, 2012) for copying, modification, and use by others who would like to organize similar events. There also is a mini-documentary on a video showing the operation of a GEM Fair. Our experience has yielded important lessons on the infrastructure of the GEM Fair:

- Although it may seem desirable to begin a GEM Fair with each society making a presentation about itself, this is practical only with very small numbers. We have found a “Roll Call of the Nations” to be superior, in which assembled students have their societies recognized, with an opportunity to stand up and do a signature chant or cheer.
- For lunchtime food service, we began our GEM Fairs with students bringing packed lunches while we provided canned soft drinks. We found ourselves with an extremely difficult problem in central planning, predicting the proportions of soft drinks preferred. Invariably, there were shortages and surpluses. Leaving students to provide their own drinks eliminated these problems, and also provided a strong example of the power of individual action (and the difficulty of even a relatively simple exercise in central planning).
- Although it would be simpler to dictate a currency design for GEMs, we have found that a student contest to design the currency heightens interest. We have had a local bank
judge the currency design contest from student entries; the winning artist receives one of each denomination of GEMs.

- When students have graduated from an in-class society and moved on to high school, they may be available as judges for later GEM Fairs. In small numbers, the most responsible students have been excellent judges, complementing a panel of community and business leaders serving as judges.

**Conclusion**

The GEM Fair, in our experience, provides a worthwhile educational setting for in-class societies from different classrooms. It provides a powerful testimonial to the effectiveness of markets in aggregating and satisfying preferences. Consider the following task: “to provide an array of goods and services that hundreds of elementary and middle school students will enjoy during a day-long field trip.” This would be a daunting task for a central planner. In contrast, a GEM Fair enlists the students to satisfy each other’s preferences for goods and services, achieving just such a task with market mechanisms. Costs are relatively small and can be borne in local budgets. The benefits include a highly anticipated field trip for participating classes near the end of the school year, substantial amounts of consumer surplus, and abundant teachable moments for participating societies.

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**References**


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