Trading for Tomorrow

Compare ways to exchange and store value.

GE.5.4 "Compare the advantages and disadvantages of the barter system, currency, and near money."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline one advantage and circle one disadvantage of each: barter, currency, and near money. Use your marks to compare when each might be useful.

Candles at the Market

1. At a neighborhood market, Maya sells handmade candles. A grower offers her tomatoes in exchange for two candles, so they trade without money. This is barter: each person gives a good or service directly for another good or service. Barter can work when both people want what the other has, even if neither has cash. But Maya cannot count on the bus driver wanting candles or tomatoes. Finding a matching trade takes time, and people may disagree about how many tomatoes equal one candle. Unlike cash, tomatoes can spoil before Maya finds someone willing to trade.

2. At the next stall, a customer pays Maya with bills and coins. This cash is currency, a form of money she can hand to the bus driver or use at many stores. Prices stated in dollars also make it easier to compare a candle with a bag of tomatoes than bargaining over a trade. Currency is widely accepted, but carrying it has costs: a lost bill is hard to recover, and a large stack is awkward to keep safe. If prices rise over time, cash also buys less. Cash changes hands quickly, while barter requires a trading partner who wants Maya's goods.

3. Maya puts part of her earnings into a savings account to buy a candle-making machine next spring. A savings deposit is near money: it can usually be changed into spendable funds, but it is not currency and cannot normally be handed to the bus driver as cash. The account may earn interest, giving her a reason to save rather than keep every bill in a drawer. Yet she must transfer or withdraw funds before spending them, and the interest rate may not keep up with rising prices. Unlike barter, near money stores a dollar value without needing someone ready to trade.

2 ANSWER WITH EVIDENCE

Use the passage

1. How does using currency instead of barter help Maya compare the value of a candle and a bag of tomatoes? Name one drawback of holding currency.

2. Compared with paying cash, what is one benefit and one drawback of trading candles for tomatoes?

3. Compared with keeping cash in a drawer, how might a savings account help Maya buy the machine? What makes it less useful for an immediate purchase?

4. Compare how barter, currency, and near money would affect Maya's ability to pay the bus driver today.

3 YOUR TURN

Your own words

A school theater club must pay a costume maker tomorrow and hopes to buy new lights in four months. In exactly six sentences, give one benefit and one drawback of barter, currency, and a savings account, then recommend how to handle both purchases.

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PART 1 · READ AND MARK

Underline one advantage and circle one disadvantage of each: barter, currency, and near money. Use your marks to compare when each might be useful. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How does using currency instead of barter help Maya compare the value of a candle and a bag of tomatoes? Name one drawback of holding currency.	**Prices in dollars make the values easier to compare. Cash can be lost, be awkward to keep safe, or buy less if prices rise.**
2	Compared with paying cash, what is one benefit and one drawback of trading candles for tomatoes?	**Maya can get tomatoes without cash, but she must find someone who wants her candles and may have to bargain over the trade.**
3	Compared with keeping cash in a drawer, how might a savings account help Maya buy the machine? What makes it less useful for an immediate purchase?	**The savings account may earn interest. Maya must transfer or withdraw the funds before spending them.**
4	Compare how barter, currency, and near money would affect Maya's ability to pay the bus driver today.	**Barter would work only if the driver wanted Maya's goods. Maya could pay immediately with accepted cash. She would first need to withdraw or transfer money from savings.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

Barter could let the club trade set-building help for costumes without spending cash. But the costume maker might not want that help, so the trade could fail. Cash would let the club pay the maker tomorrow if the maker accepts it. However, the club could lose cash while storing it for four months. A savings account could earn interest for the lights, but the club would need to withdraw or transfer the money before using it. I would pay the maker with cash tomorrow and keep the lights fund in savings until the purchase.

Accept other passage-supported comparisons in the short answers. For Your Turn, accept different practical recommendations if the six sentences accurately give a benefit and drawback for each option and address both purchases.