Will It Spend?

Test what makes a payment useful

E.C.5.3 "Identify the characteristics (e.g., divisibility, durability, acceptability, scarcity, portability) and functions (e.g., store of value, unit of account, and medium of exchange) of money."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline details that show a payment is easy or hard to use. Circle details that show what money does for buyers and sellers.

Paying at the Winter Market

1. At a winter market, vendors agree to accept ordinary dollar bills and coins. A baker can sell one roll for $2 and give change from a $5 bill, so buyers do not need exact amounts. Coins can pass through many hands without tearing, and cash fits in a pocket. A hand-painted wooden bench is useful but awkward to carry or split to pay for snacks. Money works more easily when it is divisible, durable, portable, and accepted by the people trading. Those qualities matter because sellers need a payment they can use again.

2. A group of students suggests using handwritten snow slips instead of dollars. Each slip says it can buy one cup of cocoa, but anyone with a pen can make another. By noon, hundreds have appeared, far more than the cocoa stand can serve. The thin slips also get soggy outdoors. One seller takes them briefly; other sellers refuse them from the start. For money to remain useful, its supply must be limited enough that people do not expect endless new units. A payment that few sellers will take is less useful across the market.

3. Money also has three jobs. As a unit of account, it provides a shared scale for comparing prices. As a medium of exchange, it lets buyers pay sellers without finding someone who wants exactly what they offer. As a store of value, it can hold purchasing power for a later purchase, although inflation can reduce that power. At the market, a sign lists mittens at $12 and candles at $6. A customer pays $12 for mittens, then puts a remaining $10 bill in a drawer for next month's bus fare. The bill may still buy a fare then, but future prices are not guaranteed.

2 ANSWER WITH EVIDENCE

Use the passage

1. Which two characteristics make cash more convenient than the wooden bench for small purchases? Use a detail from the passage for each.

2. Besides limited acceptability, which two characteristics do the snow slips lack? Give evidence for each.

3. What function does money serve when the sign lists two prices? What different function does it serve when the customer pays for mittens?

4. Which function does the customer seek by saving the $10 bill for next month? Why might the bill not buy the same amount then?

3 YOUR TURN

Your own words

Invent a payment option for a weekend event other than the winter market. Explain two characteristics of money it has, two functions it serves, and one limitation.

ANSWER KEY

Will It Spend?

HIGH SCHOOL · E.C.5.3

PART 1 · READ AND MARK

Underline details that show a payment is easy or hard to use. Circle details that show what money does for buyers and sellers. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Which two characteristics make cash more convenient than the wooden bench for small purchases? Use a detail from the passage for each.	**Cash is portable because it fits in a pocket, unlike the bench. It is divisible because a buyer can pay for a $2 roll with a $5 bill and receive change, while the bench cannot easily be split.**
2	Besides limited acceptability, which two characteristics do the snow slips lack? Give evidence for each.	**They lack durability because they get soggy outdoors. They lack scarcity because anyone can make more, and hundreds appear.**
3	What function does money serve when the sign lists two prices? What different function does it serve when the customer pays for mittens?	**The listed prices use money as a unit of account. The payment uses money as a medium of exchange.**
4	Which function does the customer seek by saving the $10 bill for next month? Why might the bill not buy the same amount then?	**The customer seeks a store of value. Inflation could reduce what $10 can buy.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

At a weekend robotics show, visitors could buy numbered plastic tokens at an entry desk. Only 300 tokens would be issued, so their supply would be limited. The sturdy tokens would also be durable. Food stands could list prices in tokens, making them a unit of account. Visitors could hand tokens to vendors for snacks, using them as a medium of exchange. The tokens would have limited acceptability because stores outside the show would not take them.

Accept other passage-supported evidence for each characteristic or function. For the open task, look for a workable original payment option, accurate links to two characteristics and two functions, and a plausible limitation.