

POB

Topic: The Barter System

Indicate whether the following statements are TRUE or FALSE

1. The barter system is the exchange of goods and services for cash
2. There are no problems faced when people are using the barter system?
3. Barter involves people exchanging crops, clothing and other supplies.
4. The barter system needs at least 3 parties.

Choose the LETTER that corresponds to the BEST answer in each item below

1. What is bartering?
 - A. exchanging goods or services for other goods or services without money
 - B. paying for goods or services
 - C. exchanging goods or services for a currency

2. Why was barter used in early societies?
 - I. To get rid of surplus products
 - II. People didn't like using money
 - III. To obtain other goods and services
 - IV. To obtain rare items
 - A. I only
 - B. I and II only
 - C. II and IV only
 - D. I and III only

3. Which of the following is an example of bartering?
- A. Tristan traded \$20.00 for a hair cut
 - B. Giving your friend two quarters for a pencil
 - C. Ms. Jane traded two chickens for a pair of shoes
 - D. Buying an ice cream at the supermarket
4. Which of the following are difficulties of the barter system?
- A. Lack of double coincidence of wants
 - B. Difficulty dividing goods
 - C. Lack of an acceptable measure of value
 - D. All of the above
5. What is the double coincidence of wants?
- A. Exchanging commodity for commodity
 - B. Credit on commodity
 - C. Both parties have to agree to trade each other's commodities
 - D. Loan on commodity till sold further
6. What do you believe would eliminate the need for double coincidence of wants?
- A. Credit
 - B. Debit
 - C. Money
 - D. Barter system