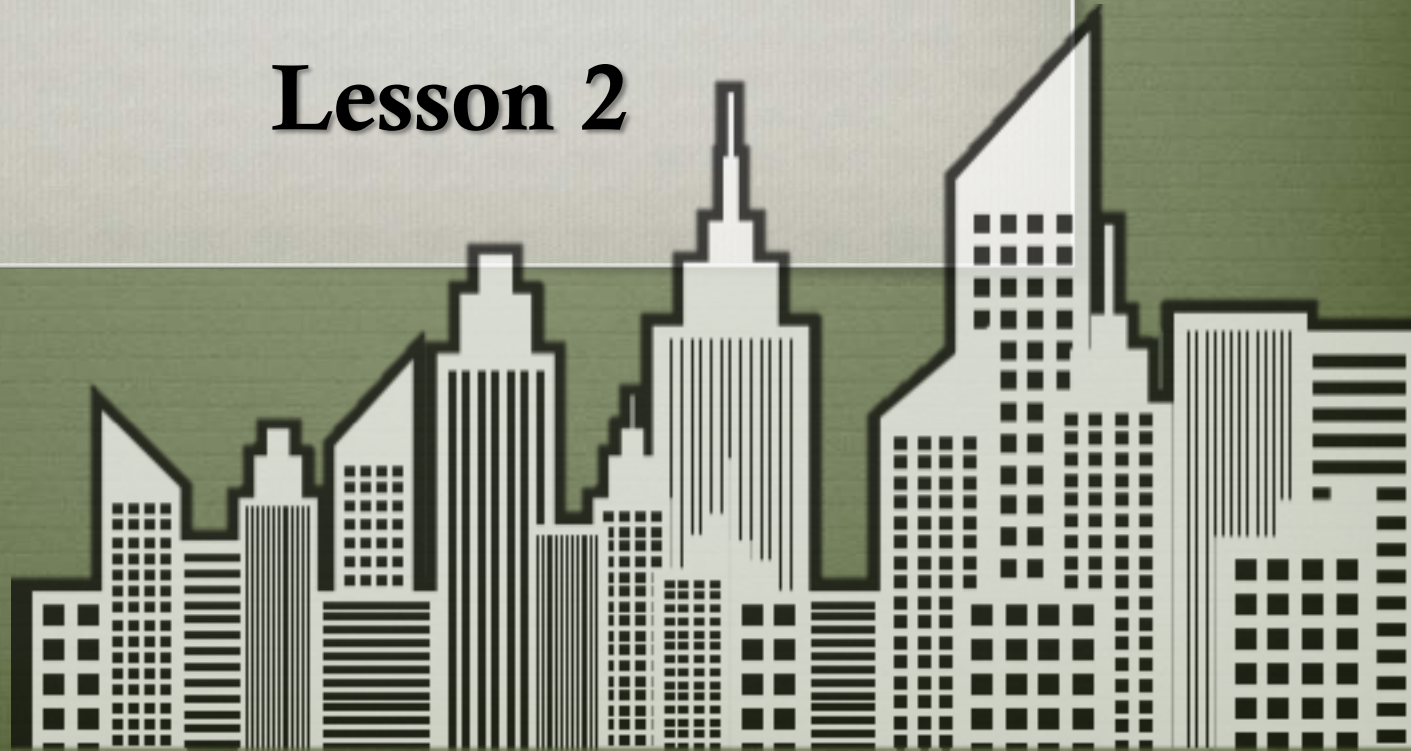


Cave Man Commerce

Lesson 2



What Does *That* Mean?

Term	Definition
barter	a system of exchange by which goods or services are directly traded for other goods or services without using money.
trade	the act or process of buying, selling, or exchanging goods or services.
buyer	someone who acquires the ownership of goods or property, or the benefit or use of services, in exchange for something of value.
seller	someone who transfers the ownership of a good or property, or the right to receive services, in exchange for money or something of value.

What Does *That* Mean?

Term	Definition
price	a value that will purchase a good or service.
value	the worth of a good sold or service.
supply	the total amount of a product, good, or service that is available for purchase.

What Does *That* Mean?

Term	Definition
demand	the desire for a certain good or service, supported by the capacity to purchase it.
negotiation	bargaining between two or more parties with the goal of reaching an agreement.
double coincidence of wants	requirement of a barter exchange that each trader has what the other wants and wants what the other has.

Reminder

- **Remember** to visit <https://quizlet.com/subject/c21Student/> to access the online flashcards!

Lesson 2 Objectives

- ❖ 1. Connect the principles of barter to modern commerce.
- ❖ 2. List four ways that barter impeded the growth of commerce.
- ❖ 3. Assess their knowledge of negotiating skills and strategies.
- ❖ 4. Identify their personality strengths and weaknesses with MBTI.

- What was commerce like before businesses, governments, money, or countries existed? Did commerce even exist?

Caveman Commerce

- ❖ Barter → the direct trade of goods and services without the use of money
- ❖ Evolved into a sophisticated system of trade

Why is Barter Important?

- ❖ Barter was the beginning of all regular trade
- ❖ Elements of barter: **trade, buyer, seller, price, value, supply, demand, and negotiation**

The Problems With Barter

- ❖ Requires a double coincidence of wants
- ❖ Lacks a common unit of measured value
- ❖ Indivisibility makes some goods untradeable
- ❖ Impedes economic progress

The Big Picture

Commerce began as barter. The instinct to barter may be a universal human characteristic. Barter has limitations: **1) barter requires a double coincidence of wants; 2) barter lacks a common unit of measured value; 3) some goods are indivisible which limits their barter value; 4) barter stunts economic progress by not allowing for saving of value.**

Overall, barter is an inefficient system. Barter has fallen out of use in today's world, but elements of barter survive and are principles of modern financial literacy. Modern commerce is based on the same concepts crusty humans used so long ago: **trade, buyer, seller, price, value, supply, demand and negotiation.**

Ponder and Predict

- ❖ As civilization advanced, trade and commerce expanded. Humans needed a way to address the limitations of barter. How were the limitations of barter overcome? What took the place of barter?