

Barter System History: The Past and Present

If you've ever swapped one of your toys with a friend in return for one of their toys, you have bartered. Bartering is trading services or goods with another person when there is no money involved. This type of exchange was relied upon by early civilizations. There are even cultures within modern society who still rely on this type of exchange. Bartering has been around for a very long time, however, it's not necessarily something that an economy or society has relied solely on.

What is a Barter System?

A barter system is an old method of exchange. This system has been used for centuries and long before money was invented. People exchanged services and goods for other services and goods in return. Today, bartering has made a comeback using techniques that are more sophisticated to aid in trading; for instance, the Internet. In ancient times, this system involved people in the same geographical area, but today bartering is global. The value of bartering items can be decided upon with the other party. Bartering doesn't involve money which is one of the advantages. You can buy items by exchanging an item you have but no longer want or need. Generally, trading in this manner today is done through online auctions and swap markets.

To Think About...



How did people get the goods and services they wanted before money was invented?

How did the invention of money change people's ability to get the goods and services they wanted?

History of Bartering

The history of bartering dates all the way back to 6000 BC. Introduced by Mesopotamia tribes, bartering was adopted by Phoenicians. Phoenicians bartered goods to those located in various other cities across oceans. Babylonian's also developed an improved bartering system. Goods were exchanged for food, tea, weapons, and spices. At times, human skulls were used as well. Salt was another popular item exchanged. Salt was so valuable that Roman soldiers' salaries were paid with it. In the Middle Ages, Europeans traveled around the globe to barter crafts and furs in exchange for silks and perfumes. Colonial Americans exchanged musket balls, deer skins, and wheat. When money was invented, bartering did not end, it became more organized and adapted to the times.



Due to lack of money, bartering became popular in the 1930s during the Great Depression. It was used to obtain food and various other services. It was done through groups or between people who acted like banks. If any items were sold, the owner would receive credit and the buyer's account would be debited.

Advantages and Disadvantages of Bartering

Just as with most things, there are advantages and disadvantages of bartering. A complication of bartering is determining how trustworthy the person you are trading with is. The other person does not have any proof or certification that they are legitimate, and there is no consumer protection or warranties involved. This means that services and goods you are exchanging may be for poor or defective items. You would not want to exchange a toy that is almost brand new and in perfect working condition for a toy that is worn and does not work at all, would you? It may be a good idea to limit exchanges to family and friends in the beginning because good bartering requires skill and experience. At times, it is easy to think the item you desire is worth more than it is and overestimate the value of your own item.

On the positive side, there are great advantages to bartering. As mentioned earlier, you do not need money to barter. Another advantage is that there is flexibility in bartering. For instance, related products can be traded such as portable tablets in exchange for laptops. Or, items that are completely different can be traded such as lawn mowers for televisions. Homes can now be exchanged when people are traveling, which can save both parties money. For instance, if your parents have friends in another state and they need somewhere to stay while on a family vacation, their friends may trade their home for a week or so in exchange for your parents allowing them to use your home.

Another advantage of bartering is that you do not have to part with material items. Instead, you can offer a service in exchange for an item. For instance, if you are good at fixing things, you may offer to fix a friend's bike in exchange for the skateboard they have. With bartering two parties can get something they want or need from each other without having to spend any money.

Directions: Using the information in this text and your own ideas, complete the t-chart below.

Advantages of Barter	Disadvantages of Barter