

Nonfiction Reading Test

Money

Directions: Read the following passage and answer the questions that follow. Refer to the text to check your answers when appropriate.

Money is one of the most important inventions in human history. It helps people who do not know or trust each other to trade. If you have enough money, you can go into a store and walk out with a candy bar. The store owner does not need to know or trust you. They only need to count your money. This is a pretty big deal if you think about it.

Before money, most exchange was based on credit and debt. Imagine that you were part of an ancient tribe and had an extra pair of shoes. If your tribe mate Joshua needed shoes, you might give him your extra ones. Joshua would then be in debt to you. He would owe you one. Later, your family might be starving in the depths of winter. You might have no success hunting, and Joshua might share some of his food with you.

The credit and debt system served humans well for much of time. Our minds are good at remembering favors and who owes whom. The problem with this system is that it requires trust. I need to know the reputation of the person to whom I am lending. I need to trust that he or she will repay me. Otherwise, we cannot trade. It's easy to trust our tribe mate Joshua. We know him. We are familiar with his reputation. But what about those from the tribe across the sea? Do we trust them? Probably not. At least not enough to give them our shoes on credit. After all, we don't even know them.

A society that does not have money cannot grow very large. It's hard to maintain relationships with more than 150 or 200 people. Reputational systems of exchange fail as groups grow larger. The need for money develops.



Imagine that you were a soldier living in a Roman army camp in the 1st century. Thousands of men and women live alongside you. Many are soldiers. Some are nurses or physicians. Others are merchants, farmers, or cooks. Let's say that you needed a blacksmith to repair your armor. The blacksmith doesn't know you. Even if he or she did, you might die in the next battle. The blacksmith cannot trust you to repay your debts. But the blacksmith does not need to trust you. You are paid in gold and silver coins. You can trade coins with strangers for whatever goods or services you desire.

Today, the monetary system once again relies on credits and debts. But now, banks and lenders can keep track of everyone's reputation. They use computers and government issued identities. They know our credit histories. They know our spending habits. They use algorithms to rank our credit worthiness. They know us well enough to issue credit to us, even though they don't actually know us. What a world!

1. Which main point about money is the author trying to make in this text?
 - a) Money unfairly flows to the richest people in the world.
 - b) Money allows people who don't know or trust each other to trade.
 - c) Money is the root of all evil.
 - d) Money can purchase many things but it cannot buy happiness.

2. According to the text, how did people mainly transact before the invention of money?
 - a) They used the barter system and traded physical goods.
 - b) They used seashells and beads as currency.
 - c) They lent and borrowed from each other.
 - d) Everything was free and everyone shared freely.

3. Why would the author lend to Joshua but not the tribe across the sea?
 - a) Joshua is the wealthiest person in town.
 - b) Joshua is a person who is known and trusted.
 - c) Joshua is a feared Roman soldier.
 - d) Joshua is the fastest person in the tribe.

4. What is the author's main purpose in writing the THIRD paragraph?
 - a) He is trying to convince us to forgo modern life and to live in tribes.
 - b) He is informing readers of the history of credit and debt systems.
 - c) He is explaining why tribal life is unproductive and wasteful.
 - d) He is describing the weaknesses of the credit and debt system.

5. Why did Roman army camps need to use money to facilitate trade?
 - a) Most people did not know each other.
 - b) Most people did not trust each other.
 - c) People often died in battle.
 - d) All of these reasons.

6. Which technologies enable modern societies to use credit systems?
 - a) Computers and government identification
 - b) Airplanes and phone networks
 - c) Radio waves and license plates
 - d) Steam power and waterways

7. Which is TRUE based on information from the text?

- a) Roman army camps were much smaller than ancient tribes.
- b) Roman army camps were about the same size as ancient tribes.
- c) Roman army camps were much larger than ancient tribes.
- d) Nobody knows the actual size of Roman army camps.

8. With which statement would the author most likely AGREE?

- a) Money allows civilizations to grow very large.
- b) Credit and debt systems are primitive and only were only used in ancient times.
- c) Money ruins civilizations by making everyone greedy.
- d) Credit and debt systems cannot function in the modern world.

9. Which event happened LAST in history?

- a) Thousands of people lived in Roman Army camps.
- b) Credit and debt systems became widespread again due to technology.
- c) Money was invented.
- d) Ancient tribes used mainly credit and debt systems for exchange.

10. With which statement would the author most likely DISAGREE?

- a) If someone has a good reputation, it is easier to trust him or her.
- b) Reputations are important for lenders and borrowers.
- c) Money makes trading easier for people who do not know each other.
- d) People can easily maintain good relationships with thousands of other people.

1. Why is reputation important when it comes to lending and borrowing? How does one maintain a good reputation as a borrower?
