

PAWN SHOP SKIT

SETTING THE STAGE

BROKE BARBARA (BB): My name is Barbara. Don't judge me but I'm broke. I need money, and I need it today. I need to pay my rent and I'm desperate. I have tried to borrow money from friends and family but no one can help me this time. When do I need the money? TODAY.

PAWN SHOP PAULA (PSP): My name is Paula and I work at a pawn shop. Don't judge me either – it's my job. I don't own the pawn shop, I just work at one. The store is owned by a company called EZ Corp, and I think they're in Texas or something. They pay me ok, but it's a hard job because I'm always having to deal with desperate people and I'm afraid that someone will hurt me.

BB: I need money today. Something I have that is valuable is this circle trophy. It's made of gold and rubies and it's worth a lot. I love this thing. I could try to sell it – but how would I find a buyer today? I don't want to sell it because then I won't have it anymore. Maybe a pawn shop could help me. I could pawn this thing!

FREEZE #1

What does pawn mean? It does not mean sell. It's different from selling. Let's see how it's different from selling.

[BB goes to talk to PSP at the pawn shop.]

BB: How much money can I borrow with this Circle Trophy as collateral?

PSP: [Thinks about this and says that she needs to do some research]

FREEZE #2

PSP: I think I could sell this thing for \$200. How much should I loan to Broke Barbara?

PSP: [To audience] If I can sell it for \$200, then I shouldn't loan her \$200. If I did that, I wouldn't make any money. If I can see it for \$200, I should probably only loan her something like \$150. That way, if she never comes back, and I end up selling it, I will make \$50.

PSP: [To BB] Ok, miss, I'll loan you \$150 for this thing.

BB: What? Only \$150??? But it's worth \$200.

PSP: That may be so. Go ahead and sell it if you want to. But if you want a loan using this Circle Trophy as collateral, I can only loan you \$150.

FREEZE #3

What does collateral mean? If the object is worth \$200, why will the pawn shop only lend her \$150?

BB: Ok, I really need the money. I will take the loan. Give me the \$150, please.

[THREE MONTHS GO BY]

PSP: I wonder if Broke Barbara is going to come back today. It's been three months. If she doesn't come back today, I am selling that Circle Trophy.

BB: [Runs in.] Hi – I'm here. I've got the money. I want my Circle Trophy back. I brought the \$150.

PSP: snorts. \$150? That's what I loaned you. It's been 3 months – yes, you owe me the \$150 I loaned you. But that's not all: you also owe me 4% interest per month AND, on top of that, you owe me the fees for storage and insurance. You want the Circle Trophy back, let's see: it all adds up to \$183.

BB: What? You only gave me \$150. I gotta pay you 183?

PSP: Yes, that's how a pawn shop works. If you don't have the \$183 to pay me, you have two choices: 1) you can walk away and then I'm gonna sell it OR 2) you can pay back the interest and the fees that you have accrued on this loan (\$33) and renew the loan.

BB: Renew the loan? What does that mean?

PSP: That means, you give me the \$33 that you owe me for the interest and for the fees but you don't get the Circle Trophy back because you haven't paid me back the \$150. Instead, I'll write you out a new pawn ticket and we start all over.

BB: I don't have the 183 dollars but I don't want you to sell it. I want to renew the loan. So I give you \$33 now and you hold on to my Circle Trophy.

PSP: Yes. And in another 3 months, if you want that back, we start all over again, and you need to pay me the full \$183.

BB: [Dejected] Ok.