

Lesson 1: Money essay

- Without looking at your notes, book, or doing any research. Write a five paragraph essay on what you think money is. Some questions you might want to address are:
- What does money look like? How do you use it? What are some famous saying or quotes about money?
- Assignment: On a separate piece of paper write a five paragraph essay about what you think money is.

1

Lesson 2

Either hand write the following slides in your notebook or print out and fill in blanks.
Use the following words to fill in the blanks:

Representative money, Medium of exchange, Store of value, Fiat money, durability (used twice), Commodity Money, uniformity (used twice), unit of account, portability (used twice), bartering, money, before, divisibility (used twice), credit, limited in supply (used twice), acceptability (used twice), scarcity, absence, utility, interest

2

Types of Money

- _____ – a money system that is based on an item (such as silver, gold, diamonds, shells, etc...) that has value to a society.



3

Type of Money

- _____ – Something (normally paper currency) can be exchanged for something else (normally precious metal). Like an IOU note



4

Type of Money

- _____ - the government says it is worth something, so it is.



5

Bartering

- _____: The direct exchange of one good for another; to trade
- People bartered _____ there was money
- Bartering sometimes is inefficient and created the need for _____.

6

Functions of Money

- 1. _____, standardized item that is generally traded for goods or services
- 2. _____, a measure of value that allows both producers and consumers to determine and express worth.
- 3. _____ that can be saved and used to purchase items at a later date.

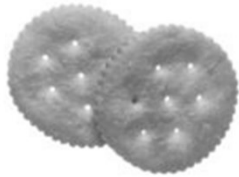
7

6 attributes of money

- _____ – will the money last? How strong is it?
- _____ – Can you carry it around with you?
- _____ – Is it easy to make change?
- _____ – does it have stability in value
- _____ - Are people willing to use the money?
- _____ - is it always the same?

8

Could these crackers work as money?



No, they are not: _____

9

Coconuts are durable. Would they work as money?



No, they are not: _____

10

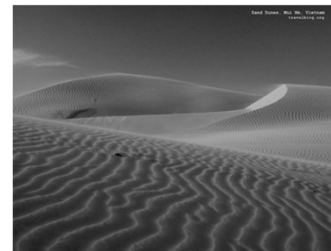
Diamonds are durable and portable. Could they work as money?



Can you easily make change with diamonds? No, they are not: _____

11

How about sand as money?



No, sand is not: _____

12

Skunk smell is portable, divisible, we could make it limited in supply (a crime to own skunks), but why would skunk smell not a good form of money?



No, skunk smell would not be: _____

13

Let's try this diamonds again...



Not all diamonds are equal. A one carat diamond and another one carat diamond could be completely different because of cut, clarity, and color. Diamonds are not _____

14

The Value of Money

- _____: how much something is worth.
- _____: how useful is something
- Value = Scarcity + Utility

15

Credit

- Credit is the _____ of money. You are borrowing money. The cost of credit is usually _____.
- When using a credit card, the card issuer pays the store.

16