

Money – Everyday Economics (Part I)

Directions: Download the document entitled *Money-Everyday Economics* from the class website (or Edmodo). Copy and answer the following questions on the assigned page in your ISN.

Questions from pages 3-5 of PDF

1. What is money?
2. In POW camps, cigarettes were used as an unofficial (*not gov't supported*) form of money. Identify at least one other scenario where an unofficial form of money is used.
3. What is bartering? What conditions must be met for it to occur?
4. Define the following terms in your own words:
 - a. Medium of Exchange
 - b. Unit of Account
 - c. Store of Value

Questions from pages 6-9 of PDF

5. Identify the six characteristics of money that are necessary for it to be a successful form of currency.
6. How long does a one dollar note typically last? A coin?
7. What was the largest bill ever used by the government? And the largest in circulation today?
8. Why was a fractional currency originally issued?
9. Why must money be scarce? How is responsible for ensuring scarcity occurs?
10. What gives federal reserve notes their value?
11. Why are precious metals generally an acceptable form of currency (*refer to characteristics*)?
12. What is representative money? How does it differ from commodity money?