- **Chapter 10 Section 1**

- Money:  Its Functions and Properties

- Money:_____.

- Functions of Money

- 1.  Medium of Exchange: _____

- Society without money must _____.  They trade, but this requires a _____ (I have what you want, you have what I want)

- Functions of Money

- 2.  Standard of Value:  _____.

    – Example:  _____

    – Functions of Money

- 3.  Store of Value:  _____

    – You can save money to make purchases at a later date.

- _____

- Must be:

    – _____, sturdy (doesn't fall apart in the wash)

    – _____(fits in your wallet)

    – _____ (you can make change)

    – _____ (consistent size, every quarter looks the same)

- Properties of Money

- Must be:

    – _____(the amount of goods you can buy with it doesn't change too quickly)

    – _____ (there can't be too much of it, loses value)

    – _____(society must agree on what they'll accept as money)

- Types of Money

- Commodity: _____.

    - Gold

    - Silver

    - Salt

    - Cows


    - Representative Money: _____

    - Receipts issued so that people wouldn't have to carry around a heavy or awkward object.

    - Gold standard: used in US until 1970. _____


- _____ Money: has value because the govt says so.

    - Must be accepted by citizens

    - Govt must be careful _____: loses its value

- Money in the US

- *What is money?*

    - *Is it only paper and coins?*

    - *There are a few definitions of money.*

- Money in the US

- M1: _____

    - _____

    - _____

    - _____

- – _____? NO!! CC are not money!! They are a loan. The M1 is used to pay your bill.

- Money in the US

- M2=M1+

  - – _____

  - – _____(a very safe, liquid mutual fund)

  - – _____(like CD's, which can't be drawn on for a certain amount of time)

  - – Liquidity: _____

- Activity:

- Choose one of the following items, and write a paragraph explaining how well or poorly it fits the properties and functions of money.

  - – Seashells

  - – Rocks

  - – Gold

  - – Cows

  - – Olive oil

  - – Salt

  - – Swords

  - – Corn