

Lecture 01: money

Activity one: reading and comprehension

1. What is the main idea of each paragraph?

- A.
- B.
- C.
- D.
- E.

2. What are the main functions of money?

- A.
- B.
- C.

3. In the absence of money, what must be available between the two parties of any transaction in order to trade goods and services?

.....

4. Based on the information given in the text, select whether the following sentences are True or False:

.....- In the absence of money, goods and services can not be traded at all.

.....- In modern societies, barter is used almost everywhere.

.....- Economists do not use the word "Money" as same as most people do.

.....- Medium of exchange is the main function of money.

5. Which one is not a function of money?

- A. -Unit of account.
- B. -Store of value.
- C. -Instrument of financial investment.
- D. -Medium of exchange.
- E. -Instrument of saving.

6. **Barter is a system that historically existed in the early societies. Why has barter been replaced by money?**

- A. The coincidence of wants does not exist in the real economy.
- B. The coincidence of wants makes the exchange of goods and services complicated.
- C. None of the above.

7. **Based on the common knowledge about money, Could you cite three characteristics of money:**

- A.
- B.
- C.

8. **Put each of the following currencies in the appropriate column of the table below**

5 DA, 10 DA, 20 DA, 50 DA, 100 DA, 200 DA, 500 DA, 1000 DA, 2000 DA

coins	bills

9. **Suppose the people of an economy are holding the following assets:**

50 billion \$ as coins, 235 billion \$ as bills, 350 billion \$ as bonds, 500 billion \$ as companies' stocks, and 1500 billion \$ as real estates.

- Calculate the amount of money demand
- Calculate the amount of their wealth.
- In your opinion, are the people rich or poor? Explain your answer.

.....

.....

.....

.....

.....

.....

.....

.....