**1. Describe the difficulties of barter trade.**

Sometimes the person who has something you want doesn‘t want or need the product u want to trade

…Not everyone wants the thing you have in exchange for theirs.

**2. Describe the main steps in the development of money with examples.**

Bartering and exchange (70000 trade goods or services)

Objects (salt 10000 BC, grain, tea, cowry sheels 1200),

Metal as money (pieces of silver 1000-2000 BC

Coins (Lydia 600 BC)

Paper Money (1000 AC)

Bank Accounts … book money (1500 AC – Italy)

Credit cards - Plastic Money (1950)

Electronic money … Mobile payments… Goolge wallet (after 2000)

Cryptocurrensies (Bitcoin after 2010)

**3. Explain the functions of money.**

Means of exchange (Tauschmittel)

You can count (Rechenfunktion)

It holds value (compare to e.g. bananas) (Wertaufbewahrungsfuktion)

It is used for financing (Finanzierungsfuktion)

**4. Define the terms related to the internal value of money (within a country).**

**Inflation** occurs when the **prices** of goods and services **rise (money loses value)**, while **deflation** occurs when those **prices decrease (money gains value)**. The balance between these two economic conditions, opposite sides of the same coin, is delicate and an economy can quickly swing from one condition to the otherr

**5. Read the article "Finanzieller Druck, Was Inflation für junge Leute bedeutet" and elaborate what Inflation means for you personally?**

Example: For me inflation means that prices are constantly rising and that I have to save more money. Since I don't earn anything myself…I don't want to be a burden for my parents… I have to be very careful with my money …

**6. Who benefits from a rising exchange rate (external value of money)? Why?**

Europeans who go to the US … they get more per 1 EUR

People (companies) who imprt from the US … imports are getting cheaper

**7. Who benefits from a falling exchange rate (external value of money)? Why?**

Americans, who go to Europe … they get more per 1$

People (companies) who export to the US … they will sell easier, because it is cheaper for Americans