

YouTube Title: "EconomicsTube - Monetary Economics and Ducks - Part 1" <http://youtu.be/PYuKNFw2cKI>

Video Length: 9:14 minutes

The Economy Today Chapter 13: Money and Banks

The Macro Economy Today Chapter 13: Money and Banks

The Economy Today Learning Objective 1: What money is.

Key Terms: Barter, money, scarcity, inflation

Topics: Fiat money, barter economy

Summary

In this episode, Scrooge goes crazy because everyone is always asking him for money. His doctor says he should go on a vacation to a place where no one has ever heard of money, the land of Tra la la.

Economic Application

This video can be used to explain three concepts relating to money. First, that in a barter economy, individuals can trade, but only if each has something the other person wants. Second, that anything that serves as a medium of exchange, a store of value, and a standard of value can be thought of as money. In this case, bottle caps became the media of exchange. Third, the video depicts inflation and hyperinflation as more money (bottle caps) is added to the money supply.

Multiple-Choice Question

What happens when the supply of money (e.g. bottle caps) increases dramatically?

- a) Inflation
- b) Disinflation
- c) Deflation
- d) Hyperinflation

Discussion Question

Why does money exist?