

Chapter 10

ECO 2013

Core Principles

Principle of Comparative Advantage - the chapter uses this principle to discuss the efficiency of money compared to barter.

Important Concepts

- Money
- Medium of exchange/store of value/unit of account
- Barter
- M1/M2
- Bank reserves
- Reserve/deposit ratio
- Fractional and 100% reserve banking
- Federal Reserve System
- Open market operations
- Discount rate
- Reserve requirements
- Bank panic
- Deposit insurance
- Velocity of money
- Quantity equation