**Mises on Money and Banking**

Lecture 1 on Chapters 1 & 2

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**Question 1**



What is a problem with the State theory of the origin of money?

Select one:

a. Different rulers claim to have invented money. 

b. The idea of money would be crazy for people who hadn’t grown up with it.

c. Before money existed, the State would have no means of influencing people.

Feedback

The correct answer is: The idea of money would be crazy for people who hadn’t grown up with it..

**Question 2**

Which Austrian economist is credited with explaining the origin of money?

Select one:

a. Eugen von Bohm-Bawerk

b. Friedrich von Wieser

c. Carl Menger 

Feedback

The correct answer is: Carl Menger.

**Question 3**

What would be very unlikely in the absence of money?

Select one:

a. Exchange

b. Production

c. Specialization 

Feedback

The correct answer is: Specialization.

**Question 4**

Which of the following goods (probably) has the highest market value?

Select one:

a. House in a suburb. 

b. Minivan with 5,000 miles on it.

c. $100 U.S. government savings bond.

Feedback

The correct answer is: House in a suburb..

**Question 5**

Which of the following goods (probably) has the highest liquidity?

Select one:

a. Minivan with 5,000 miles on it.

b. $100 U.S. government savings bond. 

c. House in a suburb.

Feedback

The correct answer is: $100 U.S. government savings bond..

**Question 6**

What is a medium of exchange?

Select one:

a. An item that a person doesn’t intend to personally consume.

b. An item accepted in trade that the person intends to trade away in the future. 

c. An object of exchange that is neither too big nor too small.

Feedback

The correct answer is: An item accepted in trade that the person intends to trade away in the future..

**Question 7**

By what criterion is gold a better money than emeralds?

Select one:

a. Easy to transport.

b. Durable.

c. Easily divisible. 

Feedback

The correct answer is: Easily divisible..

**Question 8**

By what criterion is gold a better money than diamonds?

Select one:

a. Homogeneous units. 

b. Easy to transport.

c. Convenient market value by weight.

Feedback

The correct answer is: Homogeneous units..

**Question 9**



If Jim trades 10 gold coins for Mary’s horse, what can we say about subjective value?

Select one:

a. Jim values the horse more than the 10 coins, while Mary values the 10 coins more than the horse. 

b. The subjective value of 1 gold coin is equal to the subjective value of one-tenth of a horse.

c. The subjective value of 10 gold coins equals that of one horse.

Feedback

The correct answer is: Jim values the horse more than the 10 coins, while Mary values the 10 coins more than the horse..

**Question 10**

If Jim trades 10 gold coins for Mary’s horse, what can we say about market value?

Select one:

a. We need more information.

b. The market value of the 10 coins is less than the market value of the horse.

c. The market value of 10 coins is equal to the market value of 1 horse. 

Feedback

The correct answer is: The market value of 10 coins is equal to the market value of 1 horse..



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