

Name & Surname:

Group:

## Money, Trade, and Economic Life in Ancient Lydia

The ancient kingdom of Lydia, located in what is now western Turkey, was known for its fertile land, skilled workers, and active trade. For many centuries, people exchanged goods in village markets using **barter**, a system in which goods or services were traded directly for other goods or services. For example, a farmer could exchange wheat for shoes made by a cobbler. However, barter worked efficiently only when a **double coincidence of wants** existed: each person had to want exactly what the other offered at the same time. When this condition was not met, trade became difficult and slow. As Lydia's population increased and people's wants expanded beyond basic needs, barter became inefficient. Like all societies, Lydia faced the problem of **scarcity**. Although people wanted many goods, resources were limited. To manage scarcity, Lydia relied on its **factors of production**: land for agriculture and natural resources, labor provided by workers, capital such as tools and equipment, and entrepreneurship, represented by individuals willing to take risks and organize production. Because resources were limited, Lydians had to answer the **three basic economic questions**: What to produce? How to produce? For whom to produce? Each decision involved an **opportunity cost**. For example, if land was used to grow rare flowers demanded by wealthy traders, less land was available to grow grain used for bread. Choosing one option meant giving up another.

Around **600 years before the modern era**, Lydia introduced the world's first standardized **coins**, made from an alloy of gold and silver called **electrum**. These coins were widely accepted as a **medium of exchange**, allowing people to buy and sell goods without needing a double coincidence of wants. Money also became a **unit of account**, making it easier to measure value, set prices, and compare wages. In addition, money served as a **store of value**, allowing people to save wealth over time. The introduction of money strengthened Lydia's **market system**. In the capital city of **Sardis**, markets became central places where buyers and sellers met. **Competition** among farmers, artisans, and merchants encouraged better prices, improved quality, and innovation, leading to higher productivity.

In Lydia, **goods and services** took different forms. **Consumer goods** were purchased for final use, while **capital goods** were used to produce other goods. **Durable goods**, such as furniture, lasted for several years, whereas **nondurable goods**, like food, were consumed quickly. Some items, such as air and sunshine, were considered **free products** because they were abundant and could not be owned. **Services**, including teaching and transportation, were also essential to economic life even though they were intangible.

### Activity 1: Reading Comprehension: Answer with True or False

1. Barter was efficient only when both traders wanted what the other offered at the same time. **True**
2. Scarcity means that resources are unlimited. **False**
3. Opportunity cost refers to what is given up when a choice is made. **True**
4. Lydian coins were introduced before barter existed. **False**
5. Money eliminated the need for a double coincidence of wants. **True**
6. Sardis became an important market due to competition among producers. **True**
7. Durable goods are consumed quickly. **False**

### Activity 2: Grammar: Choose the Correct Answer

1. Before coins were introduced, the Lydians \_\_\_\_\_ goods through barter.
  - a) had exchanged ☐
  - b) exchanged ☒
  - c) have exchanged ☐
  - d) had been exchanging ☐
2. By the time coins appeared, barter \_\_\_\_\_ inefficient.
  - a) becomes ☐

- b) has become ☐
- c) had become ☒
- d) became ☐
3. **Since 600 years before the modern era, money \_\_\_\_\_ trade more efficient.**
- a) improved ☐
- b) has improved ☒
- c) had improved ☐
- d) improves ☐
4. **Lydians \_\_\_\_\_ decisions involving opportunity cost before using money.**
- a) make ☐
- b) have made ☐
- c) had made ☒
- d) has made ☐
5. **By the time markets expanded, competition \_\_\_\_\_ stronger.**
- a) becomes ☐
- b) has become ☐
- c) had become ☒
- d) is becoming ☐

### Activity 3: Vocabulary, Choose the Correct Synonym

1. A synonym for **scarcity** is:
- a) Abundance ☐
- b) Having limited resources ☒
- c) Wealth ☐
- d) Excess ☐
2. A synonym for **consume** is:
- a) Produce ☐
- b) Utilize ☒
- c) Invent ☐
- d) Exchange ☐
3. The word **barter** means:
- a) Buying goods with money ☐
- b) Exchanging goods for other goods ☒
- c) Selling goods in markets ☐
- d) Saving goods for later ☐

### Activity 4: Contextual Understanding

1. **Which example shows an opportunity cost?**
- a) Using coins instead of barter ☐
- b) Growing flowers instead of grain ☒
- c) Selling goods in Sardis ☐
- d) Saving money ☐
2. **Why were coins important for trade?**
- a) They removed scarcity ☐
- b) They eliminated the need for coincidence of wants ☒
- c) They replaced all goods ☐
- d) They increased population ☐
3. **What best describes capital goods?**
- a) Goods used for final consumption ☐
- b) Goods used to produce other goods ☒
- c) Free products ☐
- d) Services ☐