

**The nature of money**

**An interdisciplinary  
exploration**



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At first glance, the question of what money is seems trivial. Every one of us deals with money on a daily basis, whether by buying goods, paying bills or accumulating savings. Money seems to be so self-evident that many people never question it. Yet modern economics has so far failed to provide a universally accepted definition of money. This raises fundamental questions: Why is it so difficult to define money? What is the difficulty in grasping the essence of money? And what implications does this have for our understanding of the economy and society?

The aim of this paper is to cast the knowledge about the nature of money into a systematic curriculum that takes into account philosophical, economic, sociological and psychological dimensions. An interdisciplinary approach is taken to shed light on the different facets of money and to encourage learners to reflect more deeply on this central but elusive phenomenon.





## Station 1

# Introduction to the topic of money

The introduction to the curriculum begins with the seemingly simple question „What is money?“. This question, which is surprisingly often ignored in modern economics, forms the starting point for the entire curriculum. Students should first recognize that everyday knowledge of money – knowing how to use, earn and spend it – is not enough to grasp the essence of money. The focus here is on questioning students' intuition and sensitizing them to the complexity of the topic.



A key example of this problem is Alan Greenspan, who was Chairman of the US Federal Reserve for decades. Despite his intensive involvement with money and the management of monetary policy, Greenspan admitted after his resignation that he had never fully understood the nature of money. This example serves as a starting point to illustrate the discrepancy between the practical handling of money and the philosophical understanding of the concept.

In this first lesson, students will be encouraged to question their own view of money through discussion and reflection. They should realize that the question „What is money?“ goes far beyond its everyday use and that it is necessary to deal intensively with the deeper dimensions of the term.

The second lesson examines why modern economics has not yet succeeded in providing a generally accepted definition of money. The focus here is on the difficulties that arise when defining the term. In particular, the common definition „money is what fulfills the functions of money“ is critically examined. This definition is circular and merely repeats the object to be defined without actually explaining what money is.

In this lesson, students will analyze various historical and modern definitions of money and identify their shortcomings. It will become clear that many definitions of money are either circular or miss the point. The aim of this lesson is to get students to think about alternative definitions and to recognize that money is a far more complex phenomenon than it is presented in most economics textbooks.





Station 2

# The functions of money

The third lesson is dedicated to the classic function of money as a medium of exchange. Money is often described as the means by which goods and services can be exchanged. However, this lesson questions whether this definition is sufficient to capture the essence of money. Historical examples of commodity money, such as cowrie shells, furs or gold, show that although these things were used as a means of exchange, they cannot be considered money in the modern sense.

In this lesson, students will examine various historical examples of commodity money and identify the differences between these early forms of exchange and the modern monetary system. It will be made clear that commodities such as gold or cowrie shells only functioned as money when they were exchanged for an accepted currency. This lesson leads to the realization that money is not simply a medium of exchange, but a universal form of exchange that is different from all other mediums of exchange.

This lesson examines two other classic functions of money: its role as a unit of account and as a store of value. Money makes it possible to measure and compare the value of goods and services. It also serves as a means of storing wealth over time.



Students should critically analyze these functions and consider to what extent they capture the essence of money. Especially in times of inflation or deflation, the function of money as a store of value is called into question. The lesson aims to give students a deeper understanding of the fact that the functions of money, while important, are not sufficient to fully explain the nature of money.





## Station 3

# The philosophical and sociological dimension of money

In the fifth lesson, the philosophical dimension of money is examined. Money is not only an economic means, but also a symbol and a social construct that depends on trust and social acceptance. The sociologist Georg Simmel described money as a „pure means“ that surpasses all other means in its function because it is universal.

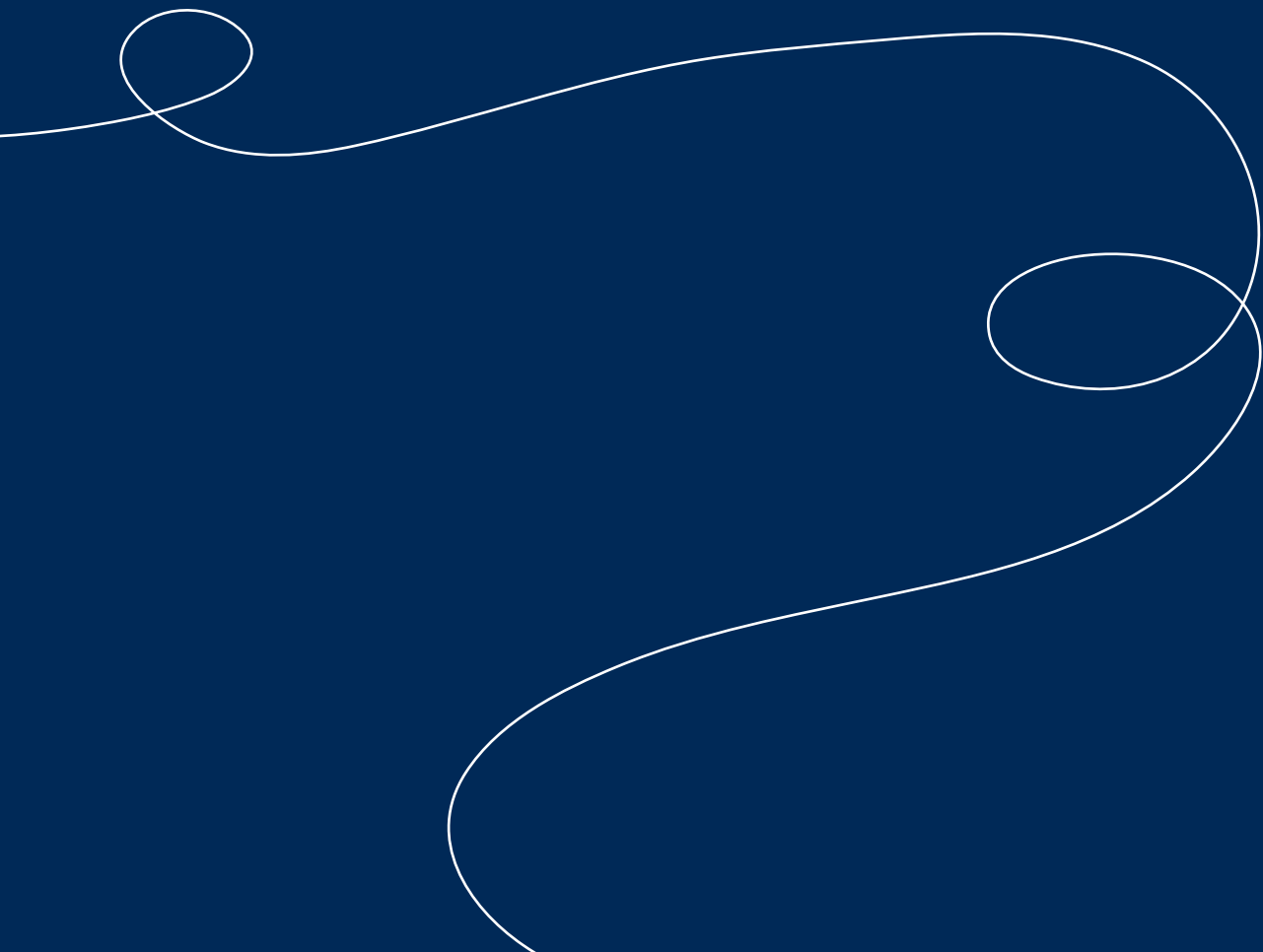
## Lesson 5

### Money as a symbol and social construct

In this lesson, students will look at money from a symbolic and sociological perspective. They learn that money not only has an economic function, but can also be understood as a social construct based on trust. The lesson encourages deep reflection on how money structures our social life and what role it plays in interpersonal relationships.

The sixth lesson deals with the question of how money shapes power relations in society and is instrumentalized by political actors. Money plays a central role in political processes, be it through central banks, monetary systems or the regulation of financial markets. At the same time, money is an instrument that can reinforce social inequality.

In this lesson, students will examine the political and social implications of money. They will learn how money is used to consolidate power and influence social structures. The aim is to develop an understanding of how money is not only an economic but also a political force that shapes our world.







## Station 4

# The psychology of money

This lesson examines the role that money plays in human thought and behavior. Psychological studies show that money not only acts as an economic tool, but also has profound psychological effects on individual decisions, moral judgments and interpersonal relationships. Money can symbolize power, security or even fear and often unconsciously influences our behaviour.

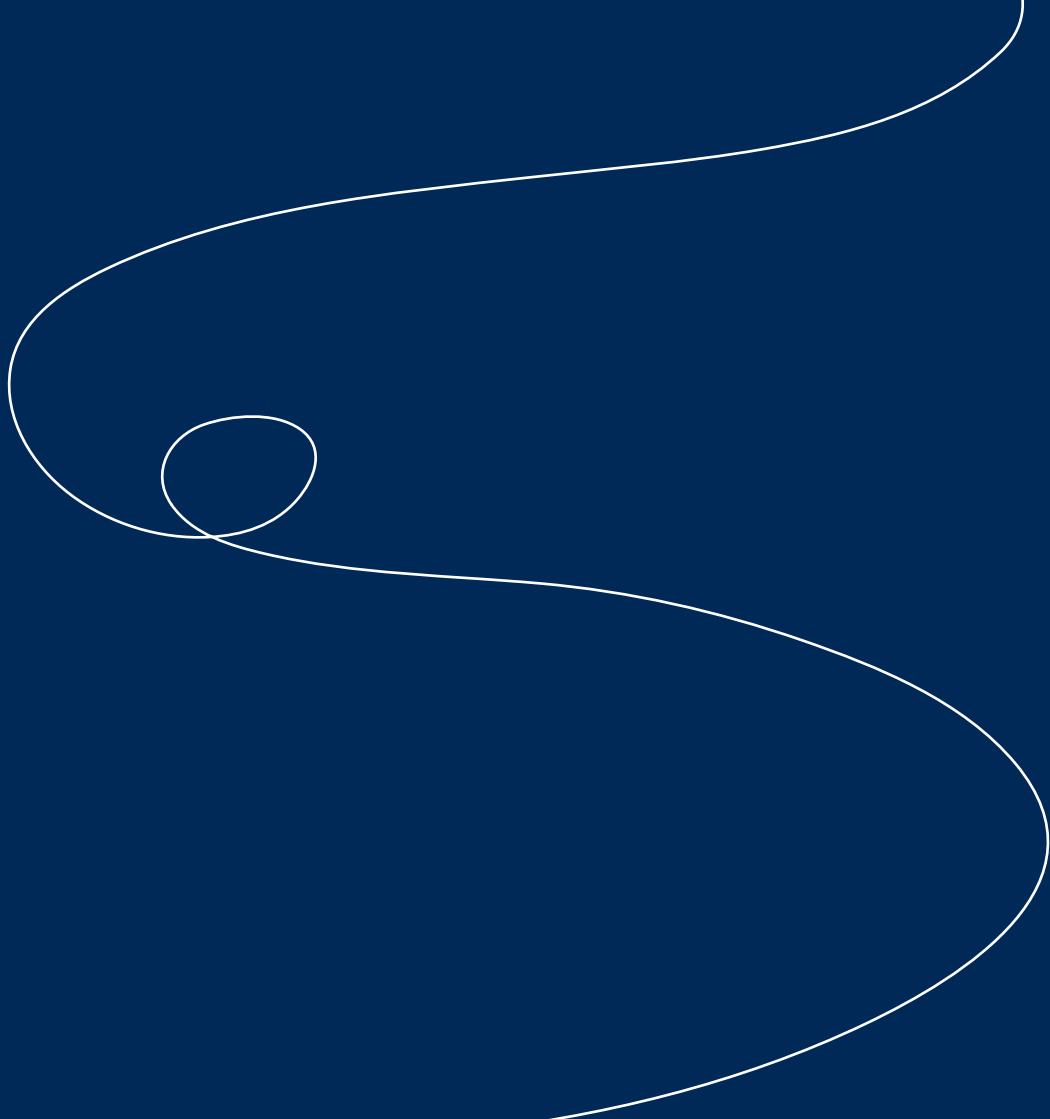
In this lesson, learners should develop and discuss key psychological theories about money. Studies have shown that the mere thought of money can make people behave less cooperatively and empathetically. At the same time, for many people money is a symbol of freedom and independence. The psychological dimension of money is therefore closely linked to our values and our self-image.

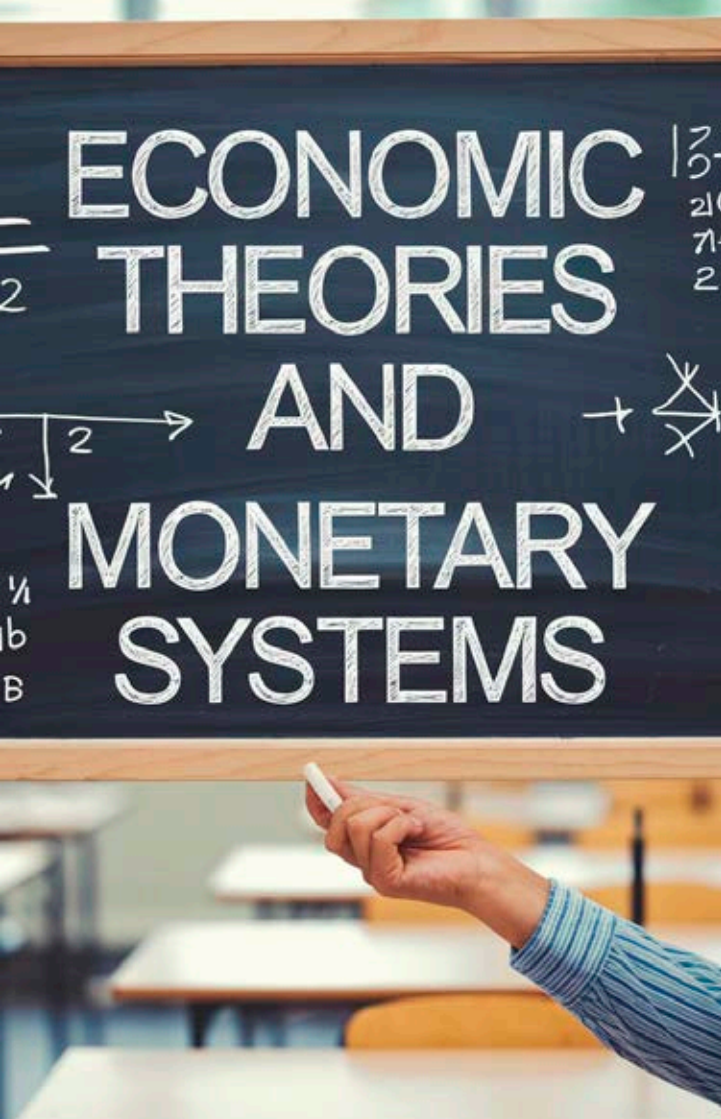
One focus of this lesson is on how money influences our moral judgment. Experiments have shown that people are often willing to make moral compromises when it comes to financial gain. In group work and discussions, students will critically analyze these studies and consider what consequences this has for our society.

The eighth lesson questions the relationship between money and happiness. Public perception and advertising often suggest that money is the key to happiness. However, psychological studies show a much more nuanced picture: money can increase well-being to a certain extent, but beyond a certain point, additional wealth has little impact on happiness.

In this lesson, students will examine psychological research findings on money and happiness. They learn that although money can provide security and comfort, it does not necessarily lead to greater life satisfaction. Of particular interest is the so-called „happiness threshold“, which shows that subjective happiness does not increase beyond a certain income level. This finding raises important questions: How much money does a person need to be happy? And what role does money play in the pursuit of personal and social prosperity?

Through discussion and reflection tasks, students will question their own views on the relationship between money and happiness. The aim of this lesson is to develop a deeper understanding of the psychological and emotional dimensions of money.





Station 5

## Economic theories and monetary systems

In this lesson, students are given an overview of classical economic theories on money. It introduces the most important theorists, such as Karl Marx, John Maynard Keynes and representatives of monetarism, who have shaped the modern understanding of money.

In this lesson, students should compare the different views of these theorists on the nature and function of money. While Marx saw money as an expression of capitalist production relations and closely linked it to the exploitation of labor, Keynes saw money as an important instrument for controlling the economy through state intervention. Representatives of monetarism, such as Milton Friedman, on the other hand, emphasized the role of money as the most important means of controlling inflation.



In this lesson, students are asked to critically reflect on the various theories and analyze their respective strengths and weaknesses. Particular emphasis is placed on the question of how these theories have influenced today's monetary systems and which of their findings are still relevant today.

The tenth lesson examines the future of money, in particular the role of cryptocurrencies and central bank digital currencies (CBDCs). Cryptocurrencies such as Bitcoin and Ethereum have the potential to revolutionize the traditional understanding of money. They function decentrally and independently of state institutions, which raises many new questions about the control and regulation of money.

In this lesson, students should understand how cryptocurrencies work and analyze their potential impact on the global financial system. The question of the extent to which cryptocurrencies can be regarded as „money“ in the traditional sense or whether they are more likely to be seen as speculative forms of investment is also raised. In addition, the introduction of CBDCs by various central banks will be discussed, which could represent a kind of digital extension of traditional money.

This lesson is designed to help students evaluate the opportunities and risks of digital currencies and reflect on how digitalization could change the nature of money. A particular focus is on the question of whether cryptocurrencies and CBDCs could shift the balance of power in the global financial system in the long term.





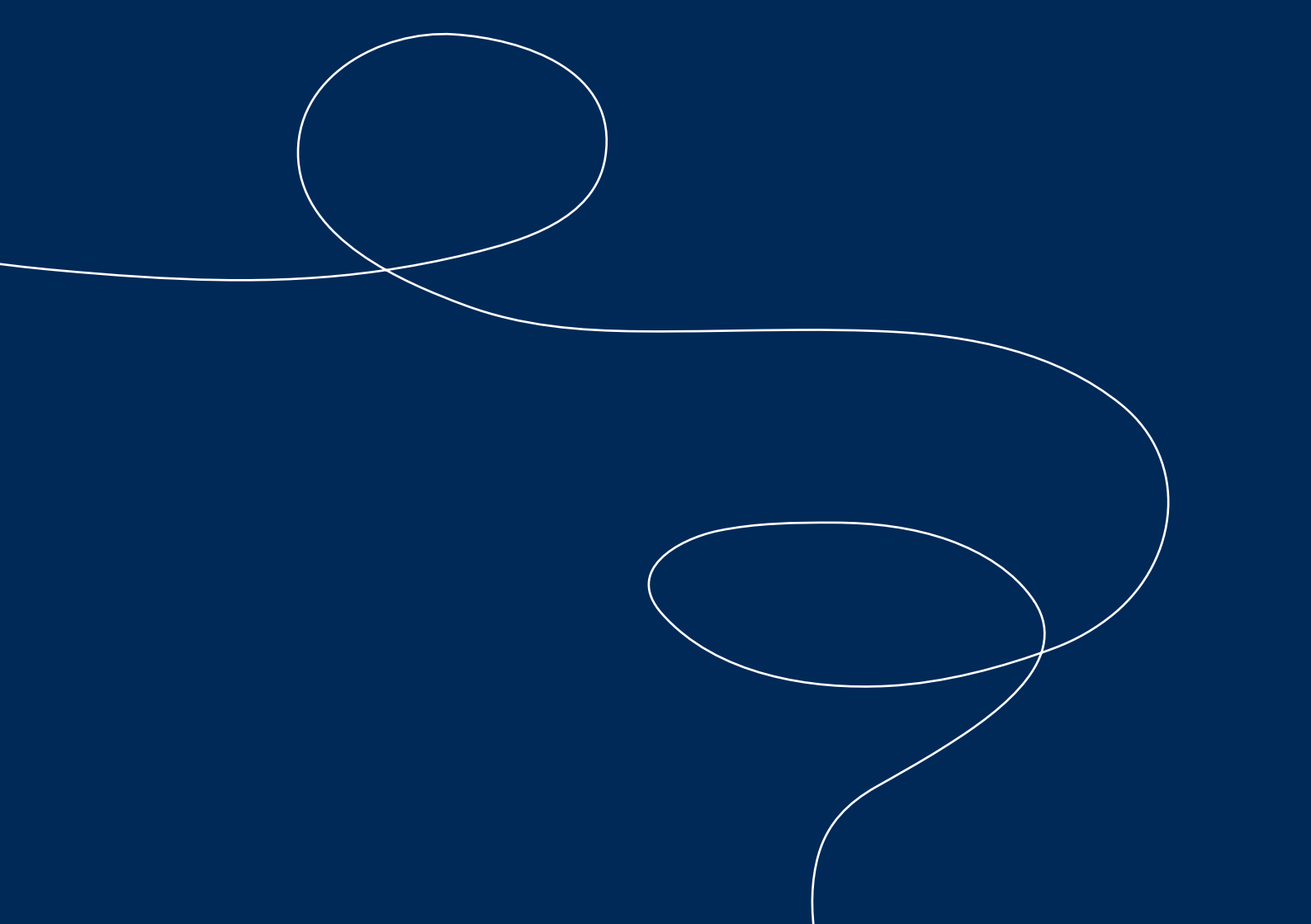
Station 6

# The future of money

This lesson takes a comprehensive look at the possible future scenarios of money. The ongoing digitalization of our world also poses new challenges to the traditional role of money. Digital payments, cryptocurrencies, and the ongoing development of fintech companies have already brought about profound changes in the way people use money.

In this lesson, students are asked to analyze possible future trends in the field of money. This involves questions such as: Will cash and physical currencies be replaced by digital means of payment in the long term? How could the balance of power between banks, central banks and technology companies change? And what role will state regulations play in an increasingly digitalized financial world?

This lesson aims to give learners a comprehensive picture of the opportunities and risks of the digital transformation of money. They should reflect on the implications of these developments for the economy, society and the individual and develop possible future scenarios.








## Summary and final discussion

The final lesson of the curriculum summarizes the findings of the previous modules and encourages students to develop a final reflection on the question „What is money?“. The various dimensions of money – economic, philosophical, psychological and sociological – have been examined in the previous lessons and provide a broad basis for a differentiated discussion.

In this lesson, students will develop their own definitions and theories about what money is. They will reflect on how their views have changed over the course and which aspects of the topic they have found particularly challenging. The aim of this lesson is to develop an informed and nuanced position on the nature of money, taking into account both the theoretical and practical implications of the topic.

The final discussion offers the students the opportunity to share their findings with each other and exchange ideas on how they would like to continue researching and reflecting on the topic of money in the future.



At first glance, the question of the nature of money seems simple, as we use it every day. But a clear definition remains elusive, even in economics. This difficulty leads to important questions: Why is money so difficult to define, and what does this mean for our understanding of the economy and society?