Answer Key

Chapter 10

Section 1

Reading Study Guide

Graphic Organizer:
Functions of money: medium of exchange; standard of value; store of value; Properties of money: Physical: durability, portability, divisibility, uniformity; Economic: stability of value, scarcity, acceptability; Types of money: commodity money, most commonly coins; representative money, backed by precious metal; fiat money, declared by a government to have value; Money in the United States: narrowest sense is transactions money, or currency, and demand deposits; broader sense is "near money," including savings accounts and time deposits; M1 measures transaction money; M2 measures M1 plus near money

1. U.S. currency
2. People have been willing to accept the items as payment for goods and services.
3. The government has declared that it is valuable.

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