

GUIDED READING Activity 14-1

For use with the textbook pages 375–379

T HE FUNCTIONS AND CHARACTERISTICS OF MONEY

FILLING IN THE BLANKS

Directions: Use your textbook to fill in the blanks using the words in the box. Some words may be used more than once.

fiat money	money	exchange
barter	unit of accounting	store of value
commodity money	representative money	legal tender
transaction	dollar	

Introduction/The Functions of Money

In the American economy, **1** _____ usually involves money in return for goods and services. Anything that is used as a medium of exchange, a **2** _____, and a store of value is considered **3** _____. Money is a medium of **4** _____ because a seller will accept it in exchange for a good or service. If money did not exist, people would have to **5** _____, or exchange goods and services for other goods and services. For bartering to work, each party to a **6** _____ must want exactly what the other person has to offer. Money that is used to compare the values of goods and services in relation to one another is a **7** _____. In the United States, the base unit of value is the **8** _____. Money also serves as a **9** _____, where it is held for later purchases.

Characteristics of Money

Anything that people are willing to accept in exchange for goods and services can be considered **10** _____. Cattle, salt, gems, and even tobacco have served as mediums of **11** _____ during various times in history.

Types of Money

Mediums of exchange that have value as a commodity or good, aside from their value as money are called **12** _____. In the past, the United States government issued **13** _____, which was redeemable for silver and gold certificates. In today's society all money is **14** _____, meaning that its face value occurs through a government order. This makes it **15** _____ — money that by law must be accepted for payment of public or private debts.