**Name: Macro Econ Key Terms**

**Directions: Define terms & answer questions Modules 23**

Money –

Currency in circulation –

Checkable bank deposits –

Money supply –

Medium of exchange –

Store of value –

Unit of account –

Commodity money –

Commodity backed money –

Fiat money –

Money aggregate –

Near-moneys –

Questions

1. What are the three main roles of money?
	1.
	2.
	3.
2. By 1776, when the United States declared its independence, there was widespread use of paper money in addition to gold and silver coins. How was this paper money different from modern dollar bills?
3. What is the big advantage of commodity backed money compared to commodity money?
4. Is money in the United States today a form of commodity money?

Is money in the United States today a form of commodity backed money?

What type of money is used in the United States today?

1. What are the two main advantages of fiat money?
	1.
	2.
2. What is the largest risk that comes with using a fiat money system?
3. What is the most liquid form of money and what is liquidity?