CHAPTER 1: MONEY

Unit 1: Definition of money

<u>Task 1:</u> Say if the following sentences are true or false

1. According to some poets, money is everything
2. Conversationalists consider money the sins' makers.
3. Economists are people who study economy.
4. Economists agree that money creates sins.
5. Money is medium of exchange that is accepted in payment for goods and services and settlement of debts.

Task 2: Answer the following questions

1. What do poets and writers think about money?

2. What do conversationalists think about money?

3. What do economists think about money?

Unit 2: The functions of money

<u>Task 1:</u> Say if the following sentences are true or false

1. Money provides four functions.
2. Money helps promote trade.
3. Money is the only medium of exchange.
4. People exchange goods and services for money.
5. Money helps measure the value of things offered at the market.
6. When buying something, you must pay for it immediately.
7. Units of account helps simplify the exchange of goods or services.

Task 2: Answer the questions

1. What are the functions of money?

2. What is a medium of exchange?

3. What is the units of account?

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4. How does money measure its value?

5. Why does money serve as a store of value?

6. When does money serve as as a standard of deferred payments?

Unit 3: Different types of money

Task 1: **Say if the following sentences are true or false**

1. People used token money before commodity money.
2. Fiat money appeared during the breakup of the Breton Woods system.
3. The principal materials of commodity money have been gold, silver and copper.
4. Things that made from iron and bronze were used as commodity money by primitive people.
5. The value or purchasing power of token money equals the value of materials used to make it.
6. The value of fiat money depends on the value of a valuable commodity.
7. The value of fiat money is declared the government.

Task 2: **Answer the following sentences**

1. What is commodity money?

2. What is token money?

3. What is fiat money?

Unit 4: Monetary standards.

Say if the following sentences are true or false

1. Standard money determines the value of other kinds of money circulated in a country.
2. The gold bullion standard was used in Great Britain and in some Latin American countries from 1925 to 1931.
3. Either gold or silver has been chiefly used as standard money of commodity standards.

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4. Either commodity standards or fiat standards have been the modern monetary standards
5. Gold standard consists of two principal types.
6. Gold coinage still exists in many countries nowadays.
7. The value of a gold coin depends on the quantity of gold contained in it.
8. Token system is the monetary system of the world at the present time in most countries.

Unit 5: Money supply

Task 1: **Say if the following sentences are true or false**

1. Most coins and paper money are token money.
2. 25% of currency circulated in US is paper money.
3. Paper money circulated in US is made by the Federal Reserve banks.
4. Traveller's checks are used in all countries in the World.
5. It's very convenient to use traveller's checks when travelling.
6. Coins; paper currency and demand deposits are called M1.
7. Many types of assets can be used to buy goods or services immediately.

Task 2: **Answer the following questions**

1. What is money supply?

2. What is fractional currency?

3. What is a check?

4. What is near money?

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