

Chapter 15: Money and the Banking System

What are the four function of money?

What is barter?

Why is money a more efficient than barter?

What is a synonym for a standard of value?

What characterizes liquidity? Why are some assets more liquid than others?

On the Figure 5-1:

Where is cash on the liquidity scale?

How about Stocks and Bonds?

What are transactions accounts?

What is a synonym for fiduciary?

Is our money currently backed by gold?

What is an example of an unacceptable form of money?

How does inflation effect the predictability of value?

What are the two different ways that economists measure money?

List three types of money in the transactions approach?

What is M1?

What else does M2 include?

Where are dollars held that do not appear in our banking system?

Why don't we consider credit cards as money?

What are three liquidity examples of M2?

What is our central bank called?

List three financial intermediaries:

What creates a liability for a bank?

What creates an asset for a bank?

When was the FED established?

How many FED district banks are there?

How many branches are there of the FED?

According to Figure 15-4, who runs the FED?

List the seven jobs of the FED

1.

2.

3.

4.

5.

6.

7.