

# Guided Reading Activity

## Money and Banking

### Lesson 1 *Evolution, Functions, and Characteristics of Money*

#### Review Questions

**Directions:** Read each main idea and answer the questions below. Refer to your textbook as you write the answers.

#### A. The Evolution of Money

**Main Idea:** Money in the United States has changed in many ways since it was first used by early settlers in colonial America.

1. What is one major disadvantage of a barter economy?

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2. What are some examples of commodity money used in the colonies?

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3. Why were coins a better form of money than fiat money?

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4. Where did the word *dollar* come from?

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# Guided Reading Activity *cont.*

## Money and Banking

### B. Characteristics and Functions of Money

**Main Idea:** To serve its purpose properly, money must have four important characteristics and three specific functions.

1. What are important characteristics of money?

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2. What roles does money serve in an economy?

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3. Does modern money have the important characteristics of money? Why or why not?

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4. What is the difference between our M1 supply and our M2 supply?

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### Summary and Reflection

**Directions:** Summarize the main ideas of this lesson by answering the questions below.

How has money changed over time? How has it remained the same?

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