

Solutions

Each answer shows the steps, then the **result**.

2.1

- medium of exchange, store of value, unit of account

2.2

- M1

2.3

- commodity money has intrinsic value of its own; fiat money has value only because the government declares it legal tender

3.1 B

3.2 B

3.3

(a)

- unit of account

(b)

- medium of exchange

(c)

- store of value