Teacher Answer Key

Case Study

1. Ending convertibility allowed the Fed to adjust the money supply and interest rates freely.

2. Critics feared inflation and currency devaluation; these were managed through inflation-targeting policies and stronger central bank independence.

Multiple Choice

1. D

2. C

3. B

Matching

1-B, 2-A, 3-E, 4-C, 5-D

Fill-in-the-Blank

1) store, 2) fiat, 3) unit of account

Short Answer (Sample Responses)

Q1: A good store of value lets savers preserve purchasing power and plan for the future, reducing uncertainty.

Q2: Representative money was lighter and more portable, while still providing a claim on valuable commodities.

Q3: Fiat systems rely on legal tender laws, central bank credibility, and monetary policy frameworks to secure trust.