1. The financial sector has an important role in bringing together people with savings to invest, and companies or governments that need to borrow funds. Let's assume there is $10 to invest. Which is more feasible to invest in a stock or a bond? What are the risks that are associated with investing it in stocks versus bonds?

It is more feasible to invest $10.00 in stocks. There is more of a chance to achieve a greater return than through bonds which take a longer period of time to reap a reward. The danger with stocks is that the markets fluctuate and the $10.00 could be lost completely. Bonds are more secure and there would definitely be an investment profit if the $10.00 were invested in bonds, although slight and more so depending on the time period that the bond was invested.

1. Confidence- The NPR podcast describes some banks' recent manipulation of the LIBOR interest rate. Confidence is crucial for our banking system to function effectively. How would uncertainty about banks' behavior affect decisions to invest in stocks and bonds? What is the role for banking regulation?

Uncertainty about banks’ behavior would limit the amount of people who would invest in stocks and bonds. The role for banking regulation is to ensure that banks are protected from risk so that the market of stocks and bonds will be invested into in order to improve the American economy.

1. What Role for Government? List and explain two ways that there is a need for an effective government role in an economy. Explain how this government role does, or does not, solve a market failure such as an externality.

Two ways there is a need for an effective government to have a role in an economy is to regulate it and to keep the economy growing. The government’s role can only do so much because if there are global setbacks in the economy, this will also affect the American economy despite what the American government does.

1. Free Trade - Pro or Con? After reading the Heritage Foundation's guide for policy-makers, give one example of benefits from free trade. Is there any way in which free trade has caused hurt by free trade, but that this article does not address?

One example of benefits from free trade is that it increases the internal profit of America through exports to other countries. America is in a very competitive position in the global market and free trade helps the American economy. The article addresses a lot of the hurt that free trade can cause, however one of the issues that the article does not address is the outsourcing of American jobs to other countries that results in Americans not receiving jobs through free trade agreements.

1. Define economic growth. Use the rule of 72 to determine the number of years required for an amount to double. Define total factor productivity (TFP) AND GIVE EXAMPLES TO JUSTIFY YOUR UNDERSTANDING OF THE CONCEPTS

Economic growth is when a country sees a steady increase in the economy year after year. It takes approximately six to 10 years for the amount to double. Total factor productivity is when an economy is doing very well with all of their resources. Some examples of this can be the international companies within the United States who have expanded into other countries globally.

1. a) Define the GDP and explain how GDP is different from the Gross National Product (GNP)

GDP stands for gross domestic product. This is a calculation of the value of the domestic goods which a country produces.
b) Explain the difference between Real GDP and Nominal GDP. The difference between real GDP and nominal GDP is that the real GDP is the gross amount and the nominal GDP is the net amount.

1. Please answer the following questions about monetary policy and fiscal policy:
a) Define monetary policy and fiscal policy. Be sure to discuss who controls monetary policy and who controls fiscal policy. Monetary policy and fiscal policy is controlled by governments and ensures that the economy remains stable and robust.
b) How does fiscal policy influence aggregate demand? Fiscal policy influences aggregate demand through job creation strategies, health care spending, and other government policies that will affect how Americans invest into the economy.
2. Please answer the following questions on unemployment:
a) Define the unemployment rate. The unemployment rate is the amount of people in a given country who do not have a job and/or are underemployed.
b) Identify the three types of unemployment: Three types of unemployment are those people who do not have a job at all, those people who do not have a job but are receiving income through social assistance and those people who are underemployed meaning that they work but are not making enough money to survive.
3. Please answer the following questions on inflation:
a) Define inflation and explain one of the ways by which inflation is measured. Inflation is the level of cost of goods and services in any given society. Inflation is measured through the inflation rate. If the inflation rate is low, this means that the goods and services in a given society are low cost. If the inflation rate is high, this means that the goods and services in any given society are at a high cost.
b) In what ways does inflation impose costs on the economy? Inflation poses costs on a society because if inflation is high, this means that many people in an economy would not be able to afford even basic items such as food, rent, transportation, etc.
4. Please answer the following questions on money and the money supply:
a) What are the four functions of money? Please define each of the four functions. The four functions of money are to purchase things, acquire things, invest and to save.
b) What is the main difference between the M1 and M2 definitions of the
money supply? M1 is the narrowest definition of money. M1 consists of coins and currency in circulation, checking accounts and traveler's checks. M2 is a more broad definitionof money than M1. M2 = M1 + small savings accounts, money market funds and small time deposits.

F. Naz

Hello

Kindly let me know the word count for each questions as well as could you cite me in your assignment?

15 Oct 2016, 7:59 AM

Customer

i need references. my requirements is 1-2 paragraphs per question