

BASIC ECONOMICS

CHAPTER 16: National Output

QUESTIONS

1. How can you tell what money is worth?

Money is worth whatever goods or services you can get in exchange for the money.

2. In your own words, why do prices go up when people have more money to spend?

If people have money they will spend it, which increases demand but not supply, so you can charge more for whatever goods you have.

3. How does the government confiscate the value of our money through inflation?

The produce more money.

4. Why do people buy gold during times of high inflation?

The value of gold does not change. Because you can't make it, there is only so much out there.

5. How did politicians and/or the Federal Reserve make the Great Depression worse?

The Federal reserve raised interest rates, the 2 presidents did not maintain the same wage rates.