

Name:

Weekly Review 2 – DUE TUESDAY 09/14

Bring to class, having attempted as much as possible

We will grade in class

Turn in corrected assignment to Blackboard after class

1. Indicate whether the following statements are positive or normative: (3 points)

- a. The capital of Kansas is Topeka. \_\_\_\_
- b. Reducing unemployment should be the main goal of the government. \_\_\_\_
- c. I'm planning to go the movies Friday night. \_\_\_\_
- d. Most economists believe the unemployment rate will increase next year. \_\_\_\_
- e. Economic growth is more important than environmental protection. \_\_\_\_
- f. The government should keep the inflation rate below 4%. \_\_\_\_

2. Indicate whether the following statements are a fact or an opinion: (2 points)

- a. He is the best president. \_\_\_\_
- b. I am cold. \_\_\_\_
- c. This is the best way to cook chicken. \_\_\_\_
- d. If we're going to get everyone off the street, we need to stimulate the economy. \_\_\_\_

3. Which is NOT a defining characteristic of Capitalism? (1 point):

- a. wage labor
- b. democratic decision making
- c. private property
- d. commodity production

4. Which of the following is not an economic system? (1 point):

- a. Capitalism
- b. Socialism
- c. Slavery
- d. Theocracy

5. In a fractional reserve system... (1 point)

- a. banks must keep the total value of their deposits on reserve.
- b. banks may not lend funds to speculators.
- c. banks can loan excess reserves to borrowers.
- d. commercial banking is kept separate from investment banking.

6. Fiat money... (1 point)

- a. has intrinsic value.
- b. is not vulnerable to hyperinflation.
- c. is accepted because a government says it has value.
- d. is the basis for barter.

7. A government agency determines a regular basket of goods in order to determine the level of inflation. In 2017 it took \$300 to buy the standard basket of goods and in 2018, the same basket of goods cost \$330. According to this approach, what was inflation from 2017 to 2018? (1 point)

- a. 30%
- b. 20%
- c. 10%
- d. 0%