

Why are some coins reeded?

Because, back when gold and silver were used in our coins, crooks would sometimes shave off the outer layer of a coin, removing gold or silver, without it being noticeable. The coins were reeded to make it harder for people to do that. When we stopped using precious metals in our coins, the reeding was kept because the same molds could be used that way.

What is Gresham's law? Explain.

Gresham's law says that "Bad money drives good money out of circulation." Good money includes coins that are, in themselves, worth roughly as much as what people will accept for them. Bad money is money that has been debased, and no longer has the same value. When the two are both in circulation, people are required to accept both as having equal value, and therefore people begin to keep the good money, driving it out of circulation.

What does tanstaafl mean? Explain?

It means "There Ain't No Such Thing As A Free Lunch". This basically says that you can't get something for nothing, and you should be wary of anyone who offers that deal.

What did the Roman farmers do when wage/price controls were started?

They stopped bringing their goods to the market.

Why have wage/price controls never stopped inflation?

Because they only keep prices artificially low; they have no effect on the money supply.

What does legal tender mean?

It is the legal currency, which, if offered to pay off a debt, cannot be refused, even if it's fundamentally worthless. You can go to jail for refusing to accept it.

What is the difference between recession and depression?

A recession is an incomplete depression, created when politicians start inflating again a bit into the depression.

What is the business cycle?

The business cycle or boom-bust business cycle refers to the cycle of inflations and recessions.

What is the difference between inflation and deflation?

Inflation is increasing the amount of money in circulation, making money less valuable and making prices higher. Deflation is decreasing the amount of money in circulation, and can lead to recessions or depressions.

Give 5 examples of black market activities.

1. Buying products in short supply from unofficial sources.
2. Buying illegal items off the black market.
3. Selling items in short supply to the black market.
4. Selling illegal items to the black market.
5. Producing illegal products for sale on the black market.
6. 1920's Alcohol was sold on the Black Market when it was illegal

What does money demand mean?

Money demand means a person wants to hold on to money balances in the form of cash or bank deposits.

What is velocity?

Velocity is the speed at which money changes hands.

Why did the bezant stay valuable for 1,000 years?

The bezant was made of gold, a valuable commodity, and thus people trusted it.

Why do you think history, especially economic history, keeps repeating itself?

Paragraph 1: Examples of history repeating itself.

Paragraph 2: Examples of how economic history repeats itself, inflations, depressions.

Paragraph 3: Why people don't stop inflating.

Paragraph 4: Conclusion.

Why do you think history, especially economic history, keeps repeating itself?

By Jack Wooldridge

“One thing that history has taught us is that people don't learn from history.” I don't know who said that, but they had the right idea. People never seem to learn from what has happened in the past, and never seem to apply these famous lessons to our current world. The truth is, if people really did listen to the lessons history has to tell us, we wouldn't be fighting a war in Afghanistan or Iraq, and we'd probably be following a very different economic model. Let me list some examples to justify my position.

First, as they say, history repeats itself. A good example of this comes from the Napoleonic Wars and World War II. In the Napoleonic wars, Napoleon marched his forces into Russia and burned the Russian capital in the middle of winter, leaving his men with nowhere to stay. Most of them froze to death. When Hitler turned on his Russian allies in WWII, he fell into the same trap and was pushed back by the Russian army, who were used to fighting in such conditions. If the Germans had taken Napoleon's lesson seriously, they might not have made such a fatal mistake.

Also, economic history repeats itself. A good example comes from the cycle of inflations and depressions. As a recession begins to turn into a depression, politicians begin inflating the money supply again, cutting the depression short but effectively making it someone else's problem, at a later date. Why?

There are several reasons why politicians would do this. One is that they really don't understand economics, and believe that, since inflations worked in the past, they are a viable strategy. They might be listening to their economists, who are telling them to start inflating the money supply. Or they might understand that what they are doing is only going to make the situation worse for someone else at a later date, but they really don't care.

I think the main problem here is ignorance. Not a lot of people really understand what inflations and depressions really are, how the government controls the money supply, and what they can do to help. If our education system began to educate children in basic economics in, say, Middle School, they'd understand it a lot more by the time they're grown up and looking for a job (unless they weren't really listening while in school), and an economic grounding will help them make money later.