

Why isn't money consider a capital in economics?

[Economics](#), [Money](#)



2. Why isn't money consider a capital in economics? Capital is a physical asset, which can be used to produce goods and services. Money is related to capital, in that it can be used to purchase capital, but it is not itself capital. The distinction is important if you consider that money can be created or destroyed through the expansion or contraction of credit, but this does not create or destroy any real capital. Money is capital. Money is the most common form of capital.

Raising capital money for investment is a common practice. 4. Which of the following are microeconomic issues? Which are macroeconomic issues? 0 a) How will an increase in the price of Coca-Cola affect the quantity of Pepsi-Cola sold? B) what will cause the nation's inflation rate to fall? DC) how does a quota on textile imports affect the textile industry? DO) Does a large federal budget deficit reduce the rate of unemployment in the economy? A) This is microeconomic because it deals with the interaction of only two firms. B) This is macroeconomics because inflation deals with an entire economy. DC) this is microeconomics because it deals with a single industry rather than an entire economy. 0 D) this is macroeconomics because it deals with unemployment of an entire economy. 8. Suppose Congress cuts spending for the military, and then unemployment rises in the U. S. Defense industry. Is there causation in this situation, or are we observing an association between events? We are observing an association between events. There may or may not be causation.

It is possible that decreasing military spending could cause the military to not be able to afford capital-intensive projects. So, they may switch to less

expensive, labor- intensive projects. This might induce them to increase employment. That is, labor may be an inferior good. Too many other things may potentially be going on in order to establish a causal link. 10. The government should collect higher taxes from the rich and use the additional revenues to provide greater benefits to the poor the statement is a illustration of a A. Testable Statement economics By blacktop