READINGS AND READING RESPONSES
Due Wednesday, March 21

Instructions: Your reading responses must be typed. Answer the questions using your own words.

READINGS:
Class Notes: Savings, Investment Spending, and the Financial System
The New Yorker, “What Good is Wall Street?”

Class Notes:

1. What are the three types of capital in an economy? Explain.
2. Describe the three most important functions of a country’s financial system. What is a financial intermediary? Cite three examples. What are the four main types of financial assets?

3. Consider a closed economy where: Consumption = $200 billion; Government spending = $88 billion; Investment spending = $70 billion.
   a. Compute GDP
   b. Compute National savings
   c. Verify your computations by using the saving-investment identity I=NS (investment = national savings) components

“What Good is Wall Street?”

4. Write a very brief summary of the main points stated in the paper. Then, provide with a critique of the article. You can either agree (fully or partially) or disagree with the content. Your arguments should be supported by evidence from credible sources and/or sound logic (you must cite your sources). Both the summary and the critique must not exceed one page.