

ECONOMICS

EXAMINATION QUESTIONS

ECONOMICS.

LESSON 9.

1. What is "credit"? Why are credit prices higher than cash prices?
2. Explain how a failure of credit occurs and trace its consequences.
3. What is a bank? What are the functions of a bank?
4. How does a bank-note differ from other promissory notes? Explain how these differences make it a convenient substitute for money.
5. Point out how the bank derives a profit from note issue, and show the special importance of note issue to a young bank.
6. Just why does one accept a Canadian chartered bank note as freely as a Dominion note? What safeguards protect the Canadian note-holder?
7. Compare these with any analogous safeguards in other countries.
8. Why is the note-holder a preferred creditor as compared with the depositor?
9. Why does the Government allow the banks to issue notes, instead of making considerable profit for itself by replacing their notes with Dominion notes? (Of course it would have to alter the "Act respecting Dominion Notes" in order to do this.)