ALABAMA PRISON ARTS + EDUCATION PROJECT

THE WARBLER

AN EDUCATIONAL WEEKLY

ISSUE 12

JUNE 30, 2020

Dear Student, Artist, Thinker,

Drop a quarter in the jukebox for "Money" by Pink Floyd:
Money, get away
Get a good job with good pay and you're okay
Money, it's a gas
Grab that cash with both hands and make a stash
New car, caviar, four star daydream
Think I'll buy me a football team
Money, get back
I'm all right Jack keep your hands off of my stack
Money, it's a hit
Don't give me that do goody good bullshit
I'm in the high-fidelity first class traveling set
And I think I need a Lear jet
Money, it's a crime
Share it fairly but don't take a slice of my pie
Money, so they say
Is the root of all evil today
But if you ask for a raise it's no surprise that they're
Giving none away, away, away

We've heard so much about money, but most of us don't have a great understanding of how money works on a national and global scale. Welcome to our basic economics issue.

When we offered microeconomics as part of our college program curriculum, the students said it was the toughest class they ever took. Part of that was due to the professor, who was notorious across campus as being one of the hardest at the University, and part of it was the topic itself. Economics is not so much math as it is part philosophy, part verbiage.

American economist, John Nash, upended over 100 years of economic theory by realizing the long-held belief of "in competition, individual ambition serves the common good" (in other words, "Every man for himself!") was incomplete. Nash created a new theory that stated that the best overall result comes from the individual acting in their own interest and their community's interest at the same time. It's worth thinking about ways we can help ourselves and our neighbors.

(And I hope at least a few of you are humming Pink Floyd in your head right now). Keep taking good care.

Kyes Stevens and the APAEP Team

"Anyone who believes that exponential growth can go on forever in a finite world is either a madman or an economist."

KENNETH BOULDING // American Economist, Educator, and Philosopher

WORDS INSIDE

FROM "THE WEIRDEST"...

fungible | able to replace or be replaced by another identical item; mutually interchangeable

regime | a government, especially an authoritarian one; a system or planned way of doing things, especially one imposed from above

commemorate | recall and show respect for; celebrate by doing or building something

FROM "A BOOM TIME"...

sanctions | measures taken by a nation to coerce another to conform to an international agreement or norms of conduct, typically in the form of restrictions on trade or on participation in official sporting events; a threatened penalty for disobeying a law or rule; official permission or approval for an action

nefarious | wicked or villainous

embargo | an official ban on trade or other commercial activity with a particular country; an official prohibition on any activity.

• • •

HISTORY

The Weirdest Currencies in the World

BY PAUL TOSCANO | *CNBC* | August 3, 2010

Wooden Bills | Wooden bills may have been rough on the wallet, but they were one of the ingenious ways that Germans devised to rebuild their economy following World War I. When the war settlement left the German economy in shambles, local townships took to printing "notgeld" (or "emergency money") on everything from wood and aluminum foil to silk linens and playing cards as a local form of payment until the Reichsbank recovered.

Edible Currency | Salt is one of the world's oldest forms of payment. In fact, the word salary derives from the Latin "salarium," which was the money paid to Roman soldiers to buy salt. It was the main form of currency in the Sahara Desert during the Middle Ages, and was used extensively throughout East Africa. Typically, one would lick a salt block to make sure it was real and break off pieces to make change.

Other edible currencies include "reng," a yarn-ball of turmeric spice wrapped in coconut fibers that is used for trade in the Solomon Islands; cacao, used throughout Mexico and Central America; and Parmigiano Reggiano cheese, so highly regarded that it was used both as currency and bank collateral in Italy. One particularly inedible currency: the poisonous money seeds of Burma.

Green Stamp | We normally think of money as fully fungible, meaning it is interchangeable for like value of all goods and services. But this is by no means universal. In some cultures, certain currencies can only purchase certain things, such as a bride or raw land. This Vietnamese bill is one such example. It operated like the old Green Stamp coupon book: around the edges are a bunch of perforated coupons that you would tear off to buy pieces of clothing.

The Pengo | Worried about inflation? You'd have to go to some lengths to beat Hungary circa 1946, which issued the world record denomination, the 100 Million Billion Pengo. That's right: 100,000,000,000,000,000,000 Pengos. It was worth about 20 cents US.

The Kennedy Coin | What must the yak-herding descendants of Genghis Kahn have thought when they first encountered the 2007 Mongolian 500 Tugrik coin, flipped it over and discovered President John F. Kennedy on the tails side? Much less when they pressed a tiny button on JFK's chest and heard an actual sound bite from his famous "Ich bin ein Berliner" speech? Chances are we'll never know, since collectors quickly snatched up most of the oddities, which may have been the sole reason for printing them in the first place. Nevertheless, Kennedy is well beloved in Mongolia for launching the Peace Corps.

Off with his head! | The African nation of Zaire, known today as the Democratic Republic of the Congo, doesn't have money to burn. So when the totalitarian regime of Joseph Mobutu was overthrown in 1997, the new government found itself in a cash crunch until it could design and print new currency. The solution? Taking large stacks of 20,000-zaire notes and simply punching out Mobutu's image.

Squirrel Pelts | In medieval Russia, squirrel pelts were a common currency of exchange. So common, in fact, that snouts, claws and ears were also used, presumably as change. Converting squirrels into spending cash may have had an unexpected benefit as well: during the Black Plague, Russia didn't get hit as hard as everybody else. By making their currency the squirrel pelt, it may have reduced the number of disease-bearing parasites.

Holy Water Dollar | Taking "In God We Trust" one step further, the island nation of Palau issued a silver dollar coin in 2007 with the image of the Virgin Mary and a tiny vial containing holy water from the Grotto at Lourdes, France. The following year, it issued a second series to commemorate the 150th anniversary of the Apparitions of the Virgin Mary at the Grotto. Palau also has issued coins with small pieces of mother of pearl and meteorites embedded in them.

Rai Stone | On the island of Yap in the Solomon Islands, you'll find the world's largest and strangest form of currency: the rai stone. Forget pocket change: these limestone discs with the hole in the center can run 12 feet in diameter and weight up to eight tons. As for its monetary use, the stones typically remain in place; only the ownership changes. Everybody on the island knows who owns which stones, and transfer is done in a public ceremony. The Yap government has banned export of rei stones. One of the few on display resides in the lobby of the Bank of Canada in Ottawa. ●

?

AN ELDERLY RICH MAN WANTED TO LEAVE ALL OF HIS FORTUNE TO ONE OF HIS THREE SONS. However, he did not know which one was worthy of his wealth. He gave each of them a few dollars and told them to buy something that would be able to fill their living room. The first son bought straws, but they were not enough to fill the room. The second bought some sticks, but they still did not fill the room. The third son bought two things that filled the room, and he obtained his father's fortune. **WHAT WERE THE TWO THINGS THAT HE BOUGHT?**

Money Digest

Edited for space.

SOCIAL SCIENCE

Viewing Life Through an Economic Prism

BY ADAM DAVIDSON | NPR's *Morning Edition* | Oct. 3, 2007

Robert Frank, a self-described "economic naturalist," often wonders such things as: Why are milk cartons square? He solves the conundrums in everyday life using basic economics. Some of the findings are in his new book *The Economic Naturalist: In Search of Explanations for Everyday Enigmas*, excerpted below:

The Cost-Benefit Principle

The mother of all economic ideas is the cost-benefit principle. It says that should take an action if, and only if, the extra benefit from taking it is greater than the extra cost. How simple could a principle be? Still, as the following examples illustrate, not everyone finds it easy to apply.

Example 1. You are about to buy a $20 alarm clock at the campus store next door when a friend tells you that the same clock is available for $10 at the Kmart downtown. Do you go downtown and get the clock for $10? Or do you buy it at the nearby campus store? In either case, if the clock malfunctions while under warranty, you must send it to the manufacturer for repairs.

Of course, there is no universally right or wrong answer. Each person has to weigh the relevant costs and benefits. But when we ask people what they would do in this situation, most say they would buy the clock at Kmart. Now consider this question:

Example 2. You are about to buy a laptop for $2,510 at the campus store next door. You can get the very same laptop downtown at Kmart for $2,500 (and it comes with the same guarantee: no matter where you buy it, you have to send it to the manufacturer for repairs if it breaks). Where would you buy the laptop?

This time, most people say they would buy it at the campus store. By itself, that isn't a wrong answer. But if we ask what a rational person should do in these two cases, the cost-benefit principle makes clear that both answers must be the same. After all, the benefit of going downtown is $10 in each case, the dollar amount you save. The cost is whatever value you assign to the hassle of going downtown. That is also the same in the two cases. And if the cost is the same and the benefit is the same in both cases, then the answer should be the same as well.

Most people seem to think, however, that saving 50 percent by buying the clock downtown is somehow a bigger benefit than saving only $10 on the $2,510 laptop. But that is not the right way to think about it. Thinking in percentage terms works reasonably well in other contexts, but not here.

Seeing how the cost-benefit principle works in the context of a surprising example gives you an interesting story to tell. Pose these questions to friends and see how they do. Having these conversations will deepen your mastery of the cost-benefit principle.

Immediately after I show students examples that illustrate a general principle, I give them an exercise that requires them to employ the principle on their own. Here's the question I pose to them after they've seen the clock and computer examples:

Example 3. You have two business trips coming up and a discount coupon you can use on only one of them. You can save either $90 on your $200 trip to Chicago or $100 on your $2,000 trip to Tokyo. For which trip should you use your coupon?

Almost everybody answers correctly that you should use it for the Tokyo trip because you will save $100, which is better than saving $90. But the fact that everyone gets it right doesn't mean that the question wasn't worth asking. Again, if your goal is for the core ideas to become part of your working knowledge, the only way that can happen is through engagement and repetition.

I chose the questions in this volume not just because I found them interesting but because they actively engage the most important principles of basic economics. And because the questions are interesting and the answers brief, they provide good fodder for conversation.

I tell my students that their answers to the questions should be viewed as intelligent hypotheses suitable for further refinement and testing. They are not meant to be the final word. So read the answers to the questions with a critical eye. You may have personal knowledge that enables you to improve them. ●

?

WHOEVER MAKES IT, SAYS IT NOT. WHOEVER TAKES IT, KNOWS IT NOT. WHOEVER KNOWS IT, WANTS IT NOT. **WHAT IS IT?**

Money Digest

Edited for space.

MATHEMATICS

Sudoku

#23 PUZZLE NO. 8272427

3		7		8				2
			5	3			9	
	1	9					3	
	2					7	8	9
			4	2				
					7		6	
8								
				1		4		5
					9	6		

#24 PUZZLE NO. 4057573

	4	7						
6		1				3	7	
				5			6	
	6			3	7	9		2
				6				
3	1				9	7		
	5	3				4		
		6		2				7
4				1				

SUDOKU HOW-TO GUIDE

1. Each block, row, and column must contain the numbers 1–9.
2. Sudoku is a game of logic and reasoning, so you should not need to guess.
3. Don't repeat numbers within each block, row, or column.
4. Use the process of elimination to figure out the correct placement of numbers in each box.
5. The answers appear on the last page of this newsletter.

BOX BLOCK

			3	9			1	
5		1					4	
9			7			5		
6		2	5	3			7	
				7				8
7			8			9		3
8		3		1			9	
	9		2		6			7
4					3		6	1

COLUMN

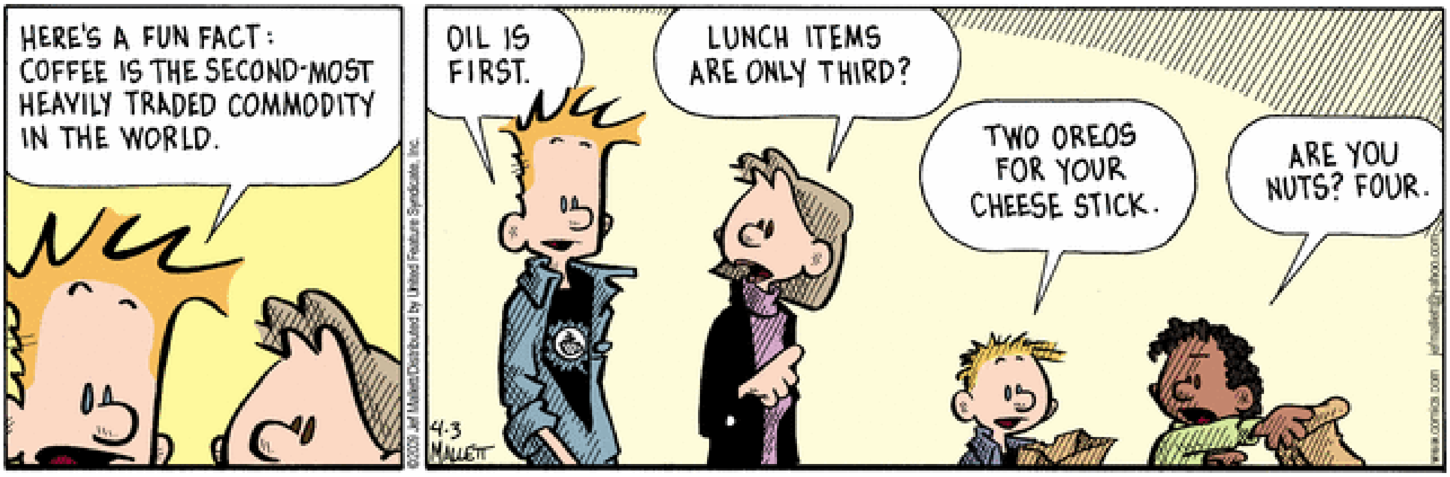
ROW

What the example will look like solved

2	4	8	3	9	5	7	1	6
5	7	1	6	2	8	3	4	9
9	3	6	7	4	1	5	8	2
6	8	2	5	3	9	1	7	4
3	5	9	1	7	4	6	2	8
7	1	4	8	6	2	9	5	3
8	6	3	4	1	7	2	9	5
1	9	5	2	8	6	4	3	7
4	2	7	9	5	3	8	6	1

"The curious mind embraces science; the gifted and sensitive, the arts; the practical, business; the leftover becomes an economist."

NASSIM NICHOLAS TALEB
Lebanese-American Essayist and Statistician



Frazz by Jef Mallett

DID YOU KNOW?

A penny costs 2.4 cents to manufacture.

The U.S. Bureau of Engraving and Printing uses 9.7 tons of ink each day.

5% of the people who buy lottery tickets account for 51% of all tickets sold.

There is more Monopoly money printed every year than actual cash.

Only 8% of the world's currency is in physical money.

If you have $10 in your pocket and no debts, you are wealthier than 20% of Americans.

The largest denomination of U.S. paper currency was the $100,000 bill.

Source: *Useless Daily*

Idiom

"Bet Your Bottom Dollar"

Meaning This idiom describes something that is sure or certain to happen. If someone says that you should bet your bottom dollar on an outcome, he or she believes the outcome is guaranteed.

Origin Reportedly, one of the first uses of the phrase is from an 1856 newspaper, which included a line about choosing a presidential candidate. The line read: "I'm goin' to vote for you [James Polk] – you can bet your bottom dollar on that!" The phrase indicated that the voter was so confident that he would vote for James Polk that he told other people they should be willing to bet on it. Other origin stories point to poker players in the 1800s. If players were certain that their poker hand would win the game, they would put their dollar underneath the stack of money being bet in the middle of the table, thus betting with the bottom dollar. It could also refer to the piles of coins on a poker table. A confident player would bet by pushing a pile of coins to the centre of the table using the bottom dollar, on which all the others were resting.

Source: Writing Explained

ART + CULTURE

Two Poems **BY ROBERT FROST**

Money

Never ask of money spent
When the spender thinks it went.
Nobody was ever meant
To remember or invent
What he did with every cent.

In Dives' Dive

It is late at night and still I am losing,
But still I am patient and unaccusing

As long as the Declaration guards
My right to be equal in number of cards,

It is nothing for me who runs the Dive.
Let's have a look at another five.

Robert Lee Frost was an American poet. Frost was honored frequently during his lifetime and is the only poet to receive four Pulitzer Prizes for Poetry. He became one of America's rare "public literary figures, almost an artistic institution." He was awarded the Congressional Gold Medal in 1960 for his poetic works. On July 22, 1961, Frost was named poet laureate of Vermont. His most famous poems are "Stopping by the Woods on a Snowy Evening" and "The Road Not Taken."

From *Poetry Magazine*, April 1936

WRITING PROMPT
These poems both reflect on how quickly money seems to disappear, but neither are too broken up about it. Think of a time when you spent money that you probably shouldn't have — when you thought afterward, "Well, that sure was a waste." Write a poem about that experience, but as Frost does, try to take it in stride. After all, it's the expensive lessons that teach us the most.

Word Search

T	N	E	C	G	E	O	R	E	N	T	N	L	S
U	E	L	H	G	N	Y	M	I	N	M	H	A	L
I	N	I	R	F	T	B	E	S	G	N	A	T	O
Y	B	E	I	I	N	N	E	N	M	H	E	E	S
F	G	V	D	U	O	E	E	E	O	N	T	A	I
P	E	Y	N	N	T	V	T	V	I	M	N	E	N
L	E	D	B	E	G	I	I	G	N	E	Y	P	G
A	R	D	E	P	A	D	H	V	E	I	N	N	C
M	S	A	L	A	N	T	L	C	A	R	D	S	N
A	E	I	S	T	R	E	Q	U	A	L	E	L	Q
S	N	L	P	I	E	E	T	N	U	M	B	E	R
E	R	A	E	E	V	N	R	R	N	T	E	E	I
I	R	A	N	N	E	E	D	B	E	N	E	T	E
I	D	R	T	T	N	R	E	B	M	E	M	E	R

PATIENT	MONEY	DIVE	RIGHT
NIGHT	LATE	FIVE	CARDS
NEVER	LOSING	INVENT	CENT
NUMBER	SPENT	EQUAL	REMEMBER

5371124
864153
159325
4192535
7124215

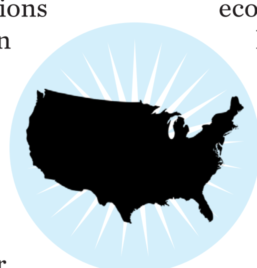
WORD PLAY
A Rebus puzzle is a picture representation of a common word or phrase. How the letters/images appear within each box will give you clues to the answer! For example, if you saw the letters "LOOK ULEAP," you could guess that the phrase is "Look before you leap." *Answers are on the last page!*

CURRENT EVENTS

A Boom Time for U.S. Sanctions

BY KATHY GILSINAN | *The Atlantic* | May 3, 2019

The United States, as of this writing, has 7,967 sanctions in place. Economic sanctions are commercial and financial penalties applied by one or more countries against a targeted self-governing state, group, or individual. They generally aim to create good relationships between the country enforcing the sanctions and the receiver of said sanctions, but can also be implemented for political retaliation and other, more nefarious purposes.



There are sanctions on individual people, like the Mexican drug kingpin Joaquín “El Chapo” Guzman; on companies, like Cubacancun Cigars and Gift Shops; and even on entire governments or their branches, like on Iran and its main security force, the Islamic Revolutionary Guard Corps.

American policymakers have reached for the tool almost since the country was founded; perhaps the most prominent modern example is the Cuba embargo of 1962. Sanctions are for when you want to influence people, not by beating them up, but by threatening their cash flow. The use of sanctions has exploded in the 21st century, especially as the U.S. has gotten very good at tailoring financial penalties to affect individuals rather than entire countries. But while they’ve undoubtedly made it difficult for America’s enemies to make, move, or access money, some experts worry that overuse of sanctions brings long-term risks both for America’s financially dominant role in the world and its leading status in international diplomacy.

The strength of American sanctions, after all, comes from the centrality of the United States financial system in the global economy, and the dollar’s status as the world’s dominant reserve currency. “Even a company that has basically no trade in the United States, their banks do,” says Jarrett Blanc, a senior fellow at the Carnegie Endowment for International Peace. “And so they basically can’t be banked if they are trading with a country that has been targeted with these very powerful U.S. sanctions.”

One risk, Blanc says, is that the many banks of the world that “have run their financial plumbing through New York” could, if enough of them decide they can’t rely on the United States, try to run their plumbing elsewhere. “And all of a sudden the power of our sanctions is dramatically reduced,” he says.

At the same time, American willingness to use sanctions unilaterally has irritated some U.S. allies in Europe, who have participated in some U.S. sanctions efforts but objected to sanctions they see as threatening their own economic interests — such as certain restrictions on doing business with Russia and Iran. The dynamic highlights a risk of sanctions that goes beyond their economic impact and strains relations with long-standing partners.

The use of sanctions really picked up around 2010, according to Elizabeth Rosenberg, a former Treasury Department official now at the Center for a New American Security. At that point, Barack Obama’s administration was putting its own pressure on Iran.

“This is a policy instrument of choice,” Rosenberg says. “It feels really muscular. We do not have an institutional culture of evaluating economic costs to ourselves, which makes people believe, I think mistakenly, that it is costless.” Back in 2014, my now-colleague Annie Lowrey reported for The New York Times that the U.S. had some 6,000 sanctions in place.

Now it has almost 2,000 more than that. The Obama administration had lifted hundreds of sanctions on Iranian people and entities after striking the nuclear deal with the Islamic Republic in 2015. Donald Trump’s administration, after getting out of the deal, reinstituted many sanctions and has steadily added more—imposing 700 on a single day last November.

The Treasury Department’s position is that, even as the number of sanctions have increased, their success is measured not by volume but by their impact in achieving specific policy goals.

On that score, sanctions have notched some successes. They may have helped drive the North Koreans to negotiate with Trump over their nuclear program, though so far no deal has resulted. Sanctions also helped push Iran to the table over its own nuclear program during the Obama administration; the Trump administration says that the current sanctions are part of an effort to push it back for a better deal.

Iranian leaders have in the past indicated that they’re not interested in renegotiating, though Foreign Minister Javad Zarif recently floated the idea of a prisoner exchange in a possible sign of softening.

In the meantime, though, Iran’s economy is tanking, and the country is struggling to trade on its economic lifeblood, which is oil. Whatever the long-term policy goals, and whatever the risks of pursuing them so aggressively, the administration is satisfied with the results so far. ●

?

FLND HSMN YRSN PRTD

THIS IS A WELL-KNOWN PROVERB THAT HAS HAD ALL OF ITS VOWELS REMOVED. IN ADDITION, THE LETTERS HAVE BEEN BROKEN UP INTO GROUPS OF FOUR WHILE MAINTAINING THEIR CORRECT ORDER. **WHAT IS THE PROVERB?**

Riddles Brain Teasers

Edited for space.

SOCIAL SCIENCE

7 Factors of How the US Economy Works

BY MATTHEW CLARK | MoneyandMarkets.com | Feb 10, 2020

Attempting to understand just how the U.S. economy works is a fairly complex thing. But when you boil down to the basics, it is actually pretty clear. While various policies have a big role in how the economy works, there are other factors such as spending and American financial markets.

1. Supply and Demand

Perhaps the biggest forces that drive the U.S. economy are supply and demand. It includes more than just products, such as labor and natural resources. For example, oil, land and water are all natural resources. The price of oil has a significant impact on the price of a gallon of gas for your car.

Demand is the biggest driver of the economy — about 70% — as product prices are directly correlated to the demand for that product. When prices of a product go up, in most situations, the demand goes down. If the latest iPhone was only $50, consumers would likely buy it in larger quantities. However, if the same iPhone was $5,000, the demand would be much less because many would not find it affordable.

The supply side of the equation works in a similar fashion, only geared toward impacting suppliers. If that iPhone was priced at $50 retail, it's likely the manufacturer would make less because the profit margin would be low. However, at $5,000, there would be more iPhones manufactured because the manufacturer would make an enormous profit.

2. Gross Domestic Product

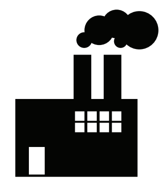
The gross domestic product of a country is simply the value of any goods and services produced by that country in a year. The higher the GDP, the more value attached to those goods and services. In the United States, the GDP grew 2.1% in each of the last two quarters, suggesting steady but not breakout growth. GDP growth or contraction is perhaps the most widely used indicator for the overall health of the economy. The importance here is when the GDP is expanding at a rapid pace, it means the country is growing economically. This can lead to job, business and investment growth. A slower rate of growth, or even contraction, means the opposite will happen.

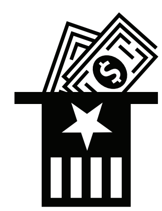
3. Rate of Inflation and Deflation

When demand is greater than supply, you have a period of inflation, and higher prices usually follow. Inflation can also be caused by a jump in the supply of money in the market. You can easily tell the impact inflation has on you personally by looking at the rate of price increases compared to the rate your income changes. The inflation rate is determined by the Consumer Price Index, which measures the average change in prices paid for goods and services. The CPI has risen 2.3% in the last 12 months. Conversely, when product prices fall, it can create deflation. Deflation can also occur with housing prices and stocks, which has a worse effect on the economy than inflation.

4. Trade Policy

The textbook definition of trade policy is the goals, rules, and regulations that relate to how countries trade with each other. But it's a little more in-depth than that. You have an import-export policy, tariffs, quotas and many other nuances that make up trade policy. Trade has been in the headlines quite a bit because of tensions between the U.S. and China. The crux of the issue was American officials were looking to combat the growing trade deficit between the two countries. So, putting tariffs on Chinese imports and asking Beijing to buy more American-made products helps erase that deficit — $349 billion in 2019. Rather than have a trade war, most nations attempt to negotiate individual country or regional trade agreements that stipulate things like how much product each country should buy from the other.





5. Federal Budget

A big driver of spending with businesses is the federal government. This is dictated by the federal budget. Each year, the president lays out and presents a budget, but it is Congress that has the authority to spend money. The budget includes both revenue coming in and expenses going out. Revenue coming in is generated by personal and corporate taxes paid each year. It is common to suggest tax cuts for individuals and businesses, putting more money in your pocket. The intent is that you use that money to either grow your business or spend more discretionary income on goods and services.

More often than not, the amount of money the government spends is more than the money it takes in. This creates a budget deficit. For fiscal year 2020, the Congressional Budget Office projects a federal government budget deficit of around $1 trillion. That deficit didn't happen in one year. In fact, from 2012 to 2013, the deficit dropped to $719 billion from $1.1 trillion the year before. In 2019, the projected deficit is $960 billion.

6. Fed Rates

The federal government attempts to control inflation by enacting different monetary policies. One of the biggest parts of monetary policy is interest rates controlled by the Federal Reserve.

Currently, the Fed left fed funds rates unchanged — between 1.5% and 1.75% — signaling a wait-and-see approach. In 2019, the Fed cut rates three times in response to a weakening global economy while inflation was below 2%. When the economy slows down, the Fed has a tendency to cut rates as a way to make it more enticing to borrow money or invest. Those things can spur economic growth. The downside is when the rate is too low, economic expansion can grow too quickly, causing inflation. This is when the Fed will raise rates to force you to not spend as freely, thus slowing down the rapid growth.

The fed rates also determine the interest rates of U.S. public debt. Just like with any personal loan, the lower the interest rate, the less the payment on the debt is. Lower interest rates mean lower debt service. The debt is basically an accumulation of budget deficits, currently around $23 trillion. The U.S. has a very high debt-to-GDP ratio, meaning it could be difficult for the government to pay back that debt. Think of it like a car loan: One of the factors banks look at in determining loan qualification is your debt-to-income ratio — how much you owe compared to how much you make. A higher ratio makes it difficult for the bank to think you can pay off the loan.

7. The Stock Market

The stock market can be used as a gauge on how the economy is doing. The better the economic health, the more investors want to buy. The worse the economy, the greater the market pullback. When the market tumbles, it means investors are not as confident in the state of the economy. Stock prices go down and those businesses have less capital to work with. This can cause a halt to business growth and even job cuts. The above-mentioned interest rates set by the Federal Reserve can have an impact on the markets. Higher rates mean money is more expensive to borrow, causing companies to not be able to borrow as much to pay for goods and services. ●

Edited for space.

> "We have always known that heedless self interest was bad morals, we now know that it is bad economics."
>
> **FRANKLIN DELANO ROOSEVELT** // 32nd President of the United States

RANDOM-NEST

Understanding Credit, Debit, & Debt

BY CAM MERRITT | *PocketSense* | Updated December 12, 2019

The difference between credit and debt is essentially a story of "before" and "after." Credit is the ability to borrow money, while debt is the result of borrowing money. When you use credit, you create debt. And the more responsible you are at managing your debt, the more access you may have to credit in the future. Debit, on the other hand, functions similar to cash or a check.

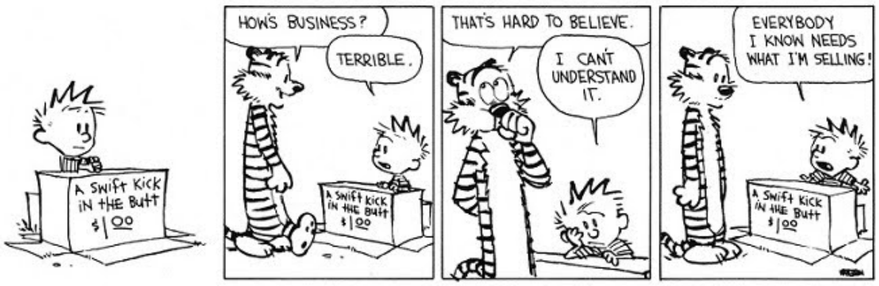
Credit | Credit represents money available to be borrowed. A credit card, for example, allows you to buy things with borrowed money: The card issuer pays for your purchase, and you repay the issuer later when your credit card statement arrives. Another example is a line of credit, an agreement with a bank that allows you to borrow and repay money as needed. When a bank, credit card company or other financial institution sets up a credit account for you, it typically sets a maximum amount you can borrow. That's your credit limit.

Debt | Debt represents money that has been borrowed but not yet been paid back. When you make a $100 purchase with a credit card, for example, you're adding $100 in debt. Make more purchases with the card, and your debt grows. Make a payment, and your debt shrinks. In essence, credit is nothing more than the ability to create debt.

Debit | A debit is an accounting entry that results in either an increase in assets or a decrease in liabilities on a company's balance sheet. In fundamental accounting, debits are balanced by credits, which operate in the exact opposite direction. For instance, if a firm takes out a loan to purchase equipment, it would debit fixed assets and at the same time credit, a liabilities account, depending on the nature of the loan.

Cards | Thus, a **debit card** works the same as cash or a personal check. The money you spend comes directly from your bank account. The transaction declines if there is not enough money in your account to cover the cost. Some banks even place a limit on the amount of money you can withdraw per day.

A **credit card** gives you a line of credit. There is a specific amount of credit on the card. If you go over the limit, your transaction will decline or your will be charged a fee. Credit card purchases can end up costing more because the account accumulates interest if not paid off in full when the bill arrives. In addition to interest, there are late payment fees and over-the-limit fees.



Calvin and Hobbes by Bill Watterson

Words of Encouragement

Reading has always been a favorite pastime of mine. It has allowed me to think deeply about the world around me, look through the eyes of other human experience, and peel apart the institutions that live around us and impact us everyday. Books have let me travel the ocean (despite my distinct fear of the sea creatures in it!), space, and the world, all while I stay in place. During these past few months, I have encountered several characters, stories, and quotes that have stuck with me more strongly due to the events of the world around us. After reading *Good Omens* by Neil Gaiman and Terry Pratchett, a particular quote (which I have shortened to highlight a specific idea) from the narrator stood out to me. In these times I have found it important to see the ways in which the people around me create hope:

"It may help to understand human affairs to be clear that most of the great triumphs... of history are caused ... by people being fundamentally people."

I miss being able to work in the classroom with you all. I look forward to when we can work on essays and math problems, again. In the meantime, keep strong in pursuing your educational goals. And remember, as students, you are part of the community creating hope.

Hannah

Answers

SUDOKU #23

3	6	7	9	8	1	5	4	2
2	4	8	5	3	6	1	9	7
5	1	9	7	4	2	8	3	6
4	2	3	1	6	5	7	8	9
9	7	6	4	2	8	3	5	1
1	8	5	3	9	7	2	6	4
8	5	1	6	7	4	9	2	3
6	9	2	8	1	3	4	7	5
7	3	4	2	5	9	6	1	8

SUDOKU #24

5	4	7	6	8	3	2	9	1
6	8	1	4	9	2	3	7	5
9	3	2	7	5	1	8	6	4
8	6	4	1	3	7	9	5	2
7	2	9	5	6	8	1	4	3
3	1	5	2	4	9	7	8	6
2	5	3	9	7	6	4	1	8
1	9	6	8	2	4	5	3	7
4	7	8	3	1	5	6	2	9

Brainteasers

Page 2 The third son bought a candle and a lighter. The light from the candle filled the entire room.
Page 3 Counterfeit money
Page 6 Rebus Puzzle:
1. Walking on Thin Ice
2. Sitting Duck
3. Last But Not Least

Page 7 A fool and his money are soon parted.

Send ideas and comments to:

APAEP
1061 Beard-Eaves
Memorial Coliseum
Auburn University, AL 36849

UNTIL NEXT TIME !