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Fall 2002, Intermediate Macroeconomics, section 3

ECON 219 Quiz II

General recommendations:

- Read questions thoroughly.
- Work individually.
- Please respond on this copy.
- There are two pages.
- You have 20 minutes.
- Good luck!

Your name:

1. Circle the appropriate answer on each of the following items:
 - (a) Consumption is: procyclical, acyclical, countercyclical.
 - (b) Prices are: procyclical, acyclical, countercyclical.
 - (c) Durable consumption is: more volatile, about as volatile, less volatile than GDP.
 - (d) Employment is: more volatile, about as volatile, less volatile than GDP.
 - (e) Residential investment is: leading, contemporaneous to, lagging the cycle.
2. Explain why a pure positive income shock always leads to an increase in leisure.

- 2