

University of Connecticut  
College of Arts and Sciences  
Department of Economics  
Christian Zimmermann

**Spring 2003, Intermediate Macroeconomics, section 3**

## **ECON 219 Quiz VI**

**General recommendations:**

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

**Your name:**

1. Circle the appropriate answer on each of the following items. Circle multiple items if necessary:
  - (a) The most narrowly defined monetary aggregate is:  
1) M0; 2) M1; 3) M2; 4) L.
  - (b) The current demand for money increases when:  
1) current real income increases; 2) future real income increases; 3) future real income decreases; 4) the nominal rate of interest increases.
  - (c) In monetary macroeconomics, CIA stands for:  
1) currency in arrears; 2) cash in advance; 3) common index of assets; 4) consumption-investment allocation.
  - (d) Government printing of money to finance government spending is called:  
1) irresponsible; 2) open-market operation; 3) sterilization; 4) seignorage.
2. What is superneutrality of money?
3. Were it not for the CIA assumption, money not be held by households. Why?

4. In the model seen in class, money  $M$  corresponds to which monetary aggregate in the data? Why?

5. Explain why prices change at the same rate as the money supply in this model.

**Bonus question:** Explain why price rigidity would make money non-neutral.