HW/QUIZ#12

1. Suppose M=500, V=4, and Y (real GDP = 1000). What is the Price level, P?

2. Following WWI Germany experienced a hyperinflation. During this period (Circle as many as are true):
   a) The velocity of money rose.
   b) The velocity of money fell.
   c) The demand for money rose.
   d) The demand or money fell.
   e) There was no change in the velocity of money.
   f) The price level fell.

3. When the velocity of money rises, money demand (and thus the Cambridge $\frac{K}{P}$) fall.
   a) True
   b) False

4. An increase in the use and availability of credit cards will increase money supply.
   a) True
   b) False

5. An increase in the use and availability of credit cards will increase money demand.
   a) True.
   b) False.

6. An increase in interest rates will increase the velocity of money.
   a) True.
   b) False.

7. An increase in the money supply may have no impact on nominal GDP if there is a simultaneous decrease in the velocity of money.
   a) True
   b) False

8. An increase in the frequency of pay periods will increase money demand.
   a) True
   b) False