

ECO 1326 Quiz Spring 2016 Name _____

Answer 1 (one) of these in the space below (you may use both sides of the paper if necessary): a.) What is meant by “sound monetary policy” as discussed in class, tie-in Menger’s evolution theory of money as appropriate; b.) Draw the supply and demand graph which shows the unemployment created by a minimum wage, use the Marginal Productivity Theory of Distribution (MPTD) to explain why those worse-off in society are most adversely effected by the minimum wage, or; c.) Explain the differences between the i.) Austrian, ii.) Chicago monetarist, and iii.) Keynesian schools as to what happens to the real economy when the money supply is expanded based on the classical equation of exchange ($MV=PQ$), also explain the relative distributional effects of inflation.