

Homework 8

Eco 10350, Prin of Macro, Kevin R Foster, Colin Powell School at CCNY

Due 8am Friday April 12

(I think of the deadline as being midnight somewhere on the planet after class, operationalized as 8am EST in NYC on day after)

Each student should submit a separate assignment, even if it is an identical computer file to the rest of your study group. When submitting assignments, please include your name and the assignment number as part of the filename. Please write the names of your study group members at the beginning of your homework.

1. What are the names of the people currently in your study group?
2. In the OpenStax textbook, please answer 15.39, 15.40, 16.32.
3. The Iron Bank is the only bank in the economy; they have 100m of deposits and a required reserve ratio of 5%. Their assets are one-half in loans to business and one-half government bonds.
 - a. Draw their initial T-table of Assets and Liabilities. How many assets do they have, once the money multiplier has completed?
 - b. Next suppose the central bank purchases 5m of bonds from the Iron Bank. Show the key steps as their T-table adjusts. What is the final change in money?
 - c. The central bank reverses policy and instead sells 10m of bonds to the Iron Bank. Again show the key steps. What is the final change in money?