



**College of Business Administration
Department of Economics
Aggregate Economic Conditions & Analysis
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ECO 6206-0001
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Assignment VI

Question I

True, False or Uncertain. Explain your answer.

- a) The term 'real money' means things such as coins and currency rather than assets such as checking accounts that are not really money.
- b) There is positive real balance effect whenever a person's initial real cash increases by the same amount as the average amount he or she plans to hold in the future.
- c) An unexpected increase in future wages relative to current wages will increase current leisure relative to future leisure.
- d) Changes in the real wage can have large aggregate wealth effects.

Question II

Explain why economic development tends to raise the real wage.