

OCW Macroeconomía de ADE**Questionnaire on the Pyramid and the Balloon models**

Watch the videos “Monetary Multiplier, Part I: The Pyramid Model” and “Monetary Multiplier, Part II: The Balloon Model”, and answer the following questions.

- 1.** There are compulsory reserve/deposit rate in the Pyramid model.
 - a) False.
 - b) True.

- 2.** There are voluntary reserve/deposit rate in the Pyramid model.
 - a) False.
 - b) True.

- 3.** According to the video, there are two instruments that the Central Bank may use to control the monetary supply in the pyramid model:
 - a) The base money, which affects the base of the pyramid.
 - b) The compulsory reserve/deposit ratio.
 - c) The interest rate of the Central Bank.
 - d) The base money, which affects the steepness of the pyramid.

- 4.** Does the base money include electronic reserves in the Central Bank or only fiscal money in the Pyramid model?
 - a) Yes, base money includes electronic reserves in the Central Bank.
 - b) No, base money does not include electronic reserves in the Central Bank.

- 5.** There is compulsory reserve/deposit ratio in the Balloon model.
 - a) False.
 - b) True.

- 6.** What is the main determinant of money supply in the Balloon model?
 - a) The confidence in the banks.
 - b) The interest rate.
 - c) The base money.
 - d) The compulsory reserve/deposit ratio.