Market for Money

1. Suppose the Federal Reserve decides to print less money. Describe and illustrate the impact on market for money and determine the changes, if any, on the equilibrium interest rate and quantity of money.
2. Suppose the government deregulates the financial industry, allowing banks to offer more financial services and products to consumers. Describe and illustrate the impact on the market for money and determine the changes, if any, on the equilibrium interest rate and quantity of money.
3. Suppose there is a decrease in consumers' incomes. Describe and illustrate the impact on market for money and determine the changes, if any, on the equilibrium interest rate and quantity of money.

4. Suppose an economy is originally at the long run equilibrium when a drop in businesses' economic outlook leads to a decrease in investment spending.
   a. Describe and illustrate the effects on the aggregate market for final goods and services. What is the impact to real GDP and the price level?
   b. Suppose the goal of the Federal Reserve is to keep real GDP equal to potential GDP. Describe and illustrate a monetary policy that can remedy the effect of the consumer spending shock that you illustrated in part (a).
   c. Redraw your answer for part (a) and add to it the impact from the monetary policy that you suggested in part (b). Describe and illustrate the impact to equilibrium real GDP and price level.