A Money Demand Function

An Exercise

A Specific Money Demand Function

\[ m_{it}^d = \xi \frac{1 + r_N}{r_N} c_{it} \]

\[ c_{it} = \frac{1}{(n - i + 1) + \xi(n - i)} z_i \]

An Illustration

- \( y_2 = $100,000, \ y_3 = $200,000, \ y_1 = y_4 = 0 \)
- \( r_N = 200\%, \ \eta = 50\% \)
- \( \xi = 1/3 \)

The Demand for Money

Calculations in Real terms

End

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