

Figure 1. Long run equilibrium for money S/D

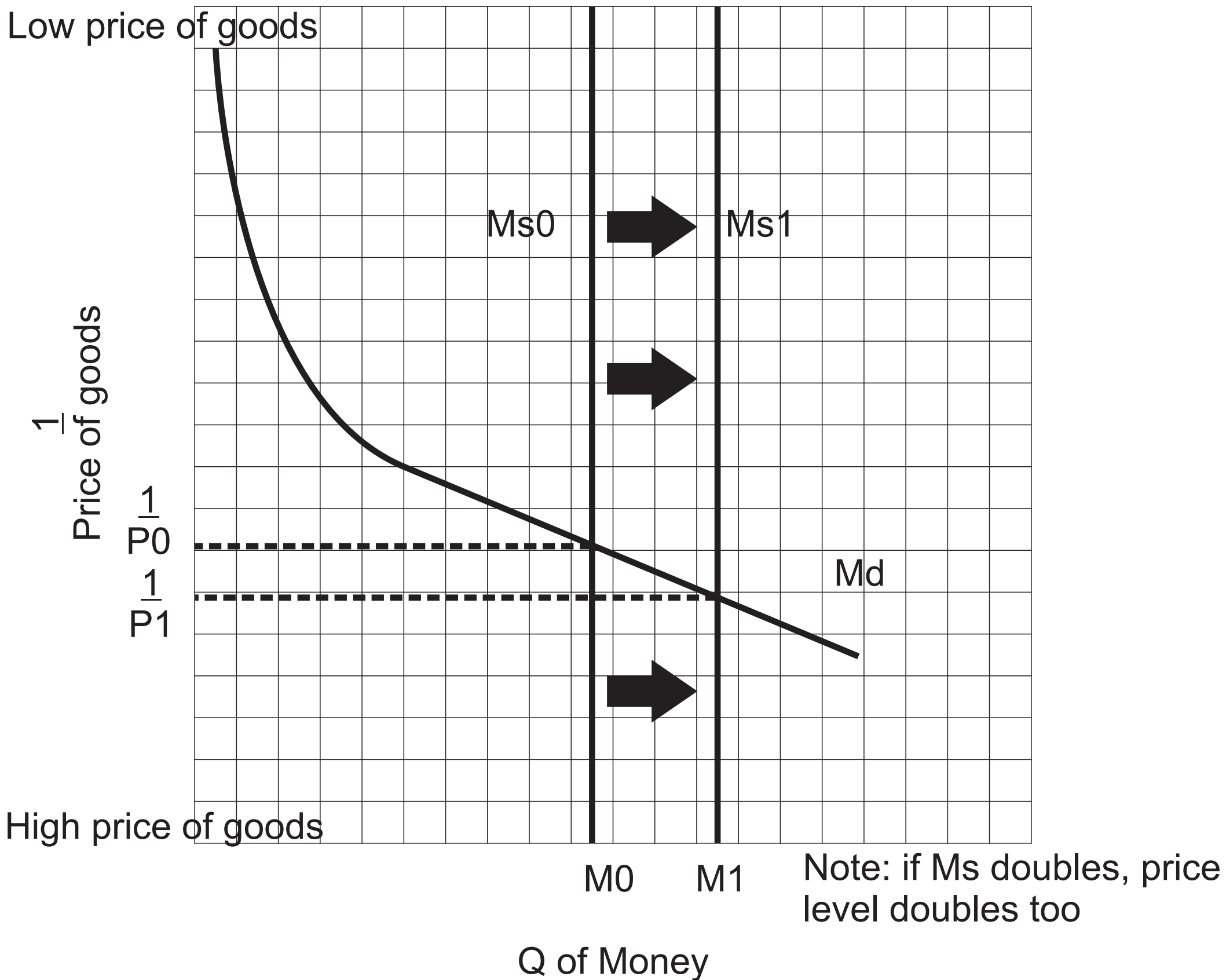


Figure 2. Shift in demand for money

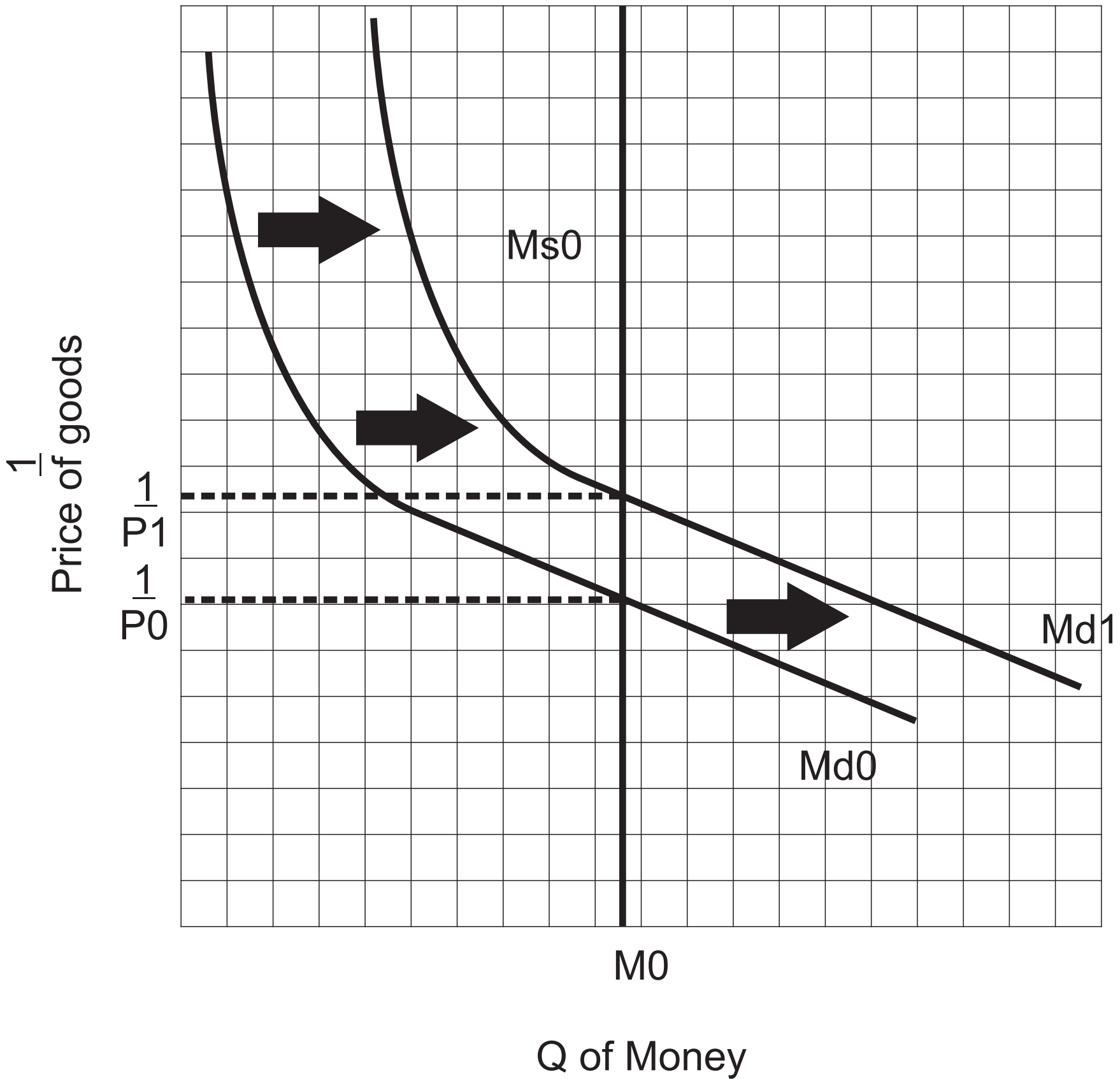


Figure 3.

nominal interest rate = real interest rate + inflation
 $i = r + \pi$

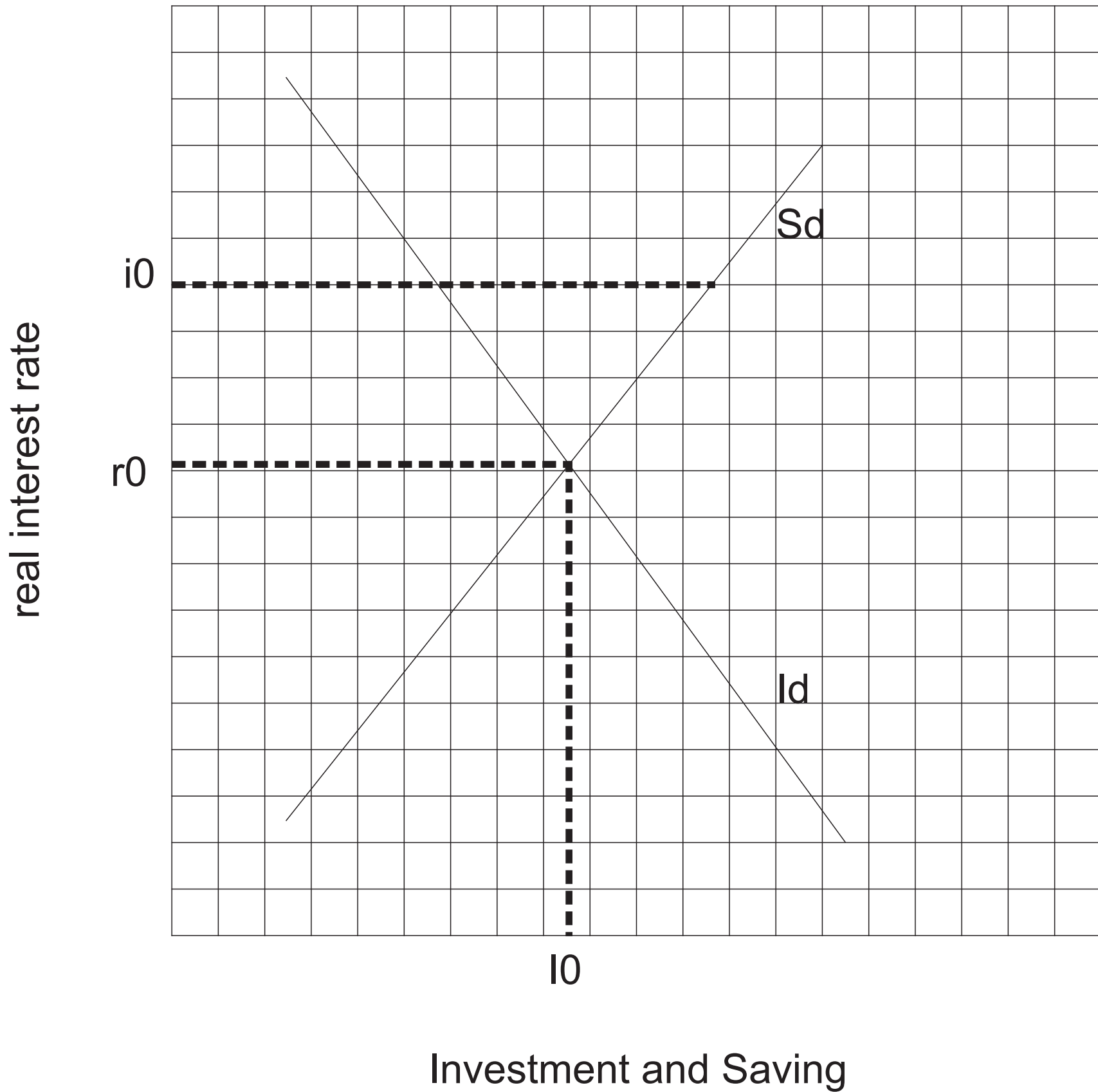


Figure 4. Menu costs

