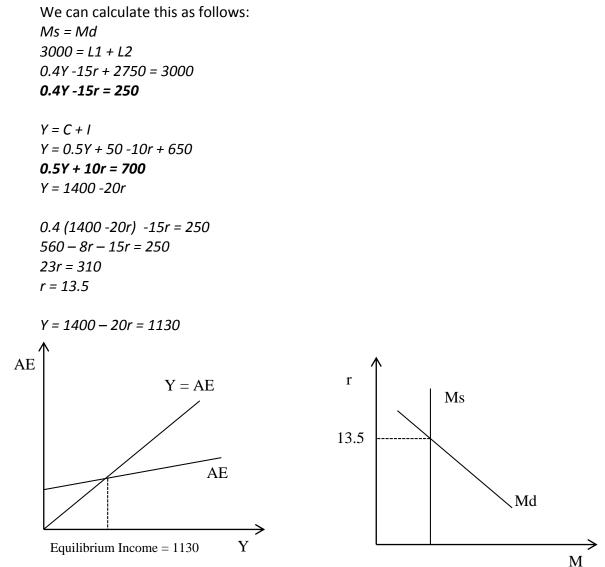
Assignment

Given that: C = 0.5Y + 50 I = -10r + 650 Ms = 3000 L1 = 0.4Y L2 = -15r + 2750 Md = L1 + L2

Where: L1 = Transaction and Precautionary demand for money L2 = Speculative demand for money

Determine the equilibrium values of national income (Y) and interest rate (r) on the assumption that the commodity and money markets are in equilibrium. Show the equilibrium values of Y and r on a graph

Solution



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