

-
1. In a country we have a money growth rate of 8%, real GDP growth is 3%, the velocity of money should be constant and real interest rates are -4%.
- (a) Formulate the equation of the quantity theory of money and determine via the total differential the dependence between the growth rates of the variables.
 - (b) What is the rate of inflation in the country?
 - (c) Calculate via the Fisher-Equation the nominal interest rate in the country.