

# Strategy to Solve the Model

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## Strategy to solve the model

1. Determine market tightness  $x$
2. From  $x$ , compute the values of all other variables.

1. Price

$$p = p^m(x)$$

2. Money

$$m = \mu$$

3. Output

$$y = y^d(x, p)$$

so  $y = y^d(x, p^m(x))$

4. consumption

$$c = \frac{y}{1 + \tau(x)}$$

$$c = \frac{y^d(x, p^m(x))}{1 + \tau(x)}$$

5. visits

$$v = \frac{y}{q(x)}$$

so  $v = \frac{y^d(x, p^m(x))}{q(x)}$