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 $p = p^n(x)$

2. Money $m = \nu$

3. Output $y = y^d(x, p)$

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

4. Consumption $C = \dfrac{y}{1 + \tau(x)}$

             $C = \dfrac{y^d(x, p^n(x))}{1 + \tau(x)}$

5. visits $v = \dfrac{y}{q(x)}$

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