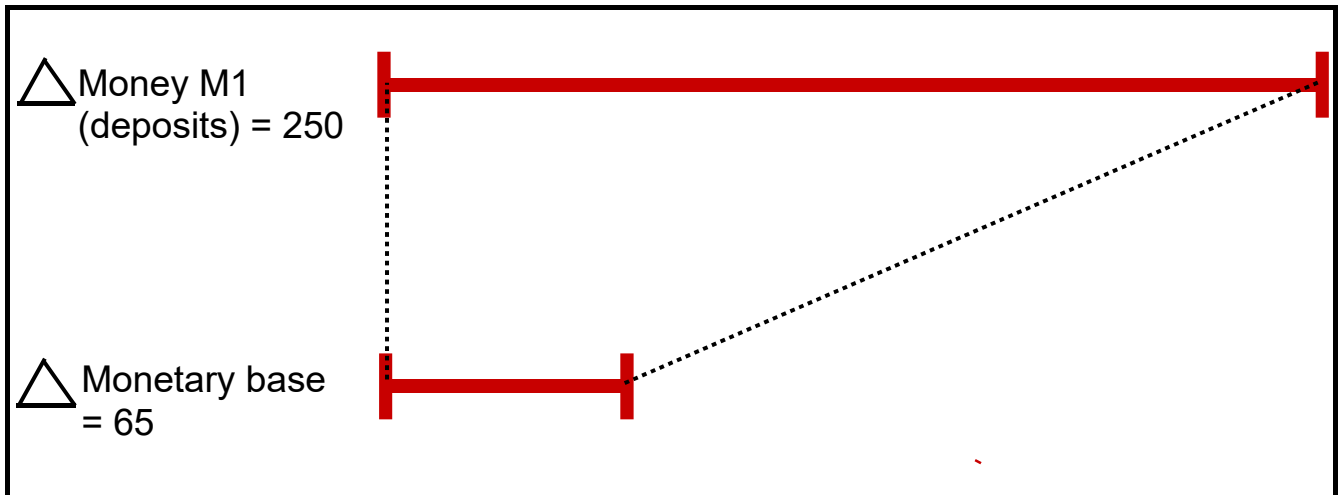


Money multiplier (E103b)

⇒ When the monetary base rises (falls) by 65, money M1 (deposits) increases (decreases) by 250.



- How large is the **money multiplier** if the money creation process runs forever and the public does not hold any cash?
- How large is the **reserve ratio** by the banks (r) in this case?

[Click here to get the answer!](#)