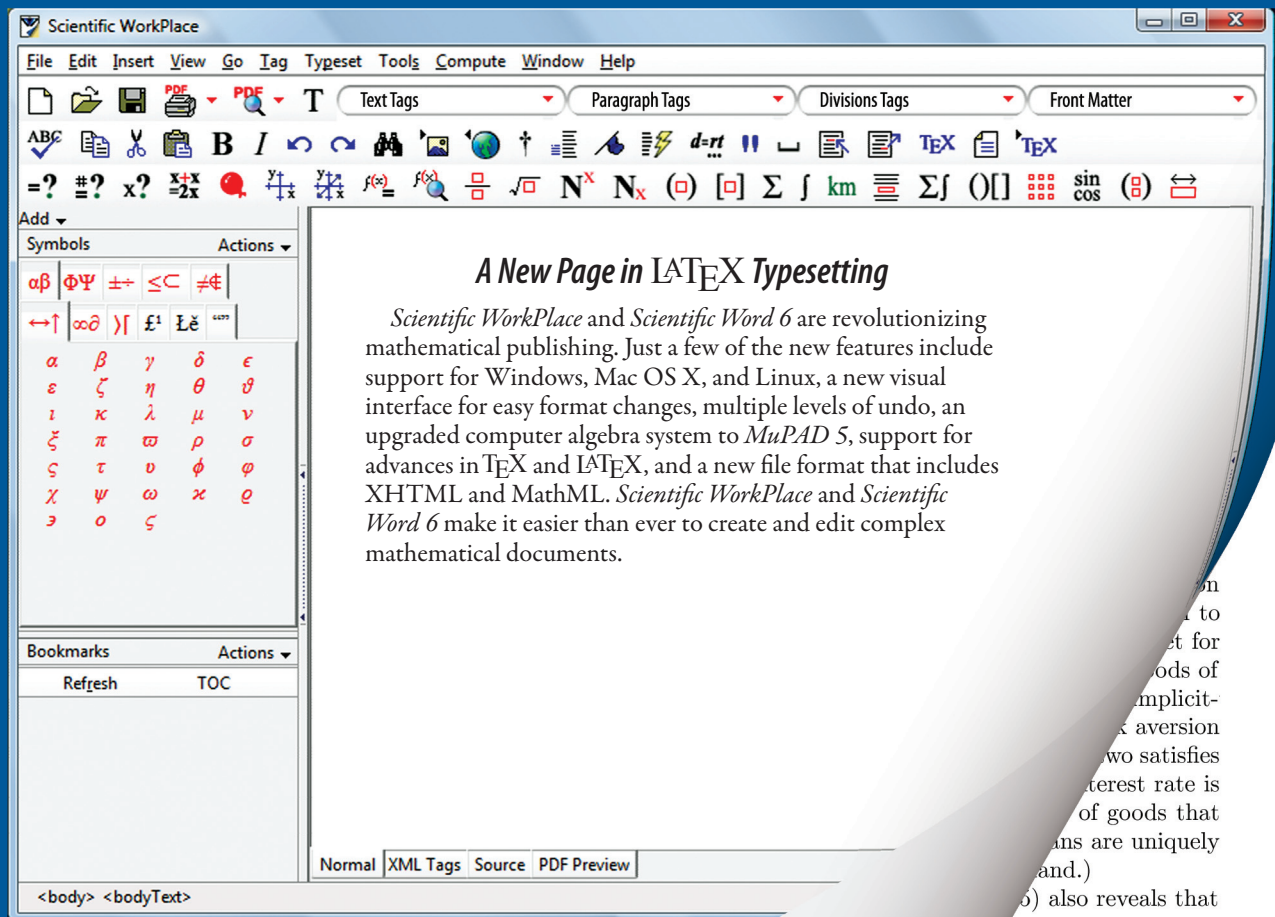


SWP⁶

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on
 to
 for
 methods of
 implicit-
 aversion
 who satisfies
 interest rate is
 of goods that
 are uniquely
 and.)
 (b) also reveals that

$$u_x^* - \left(1 + \frac{c_x u_{xxx}}{u_x}\right) u_x$$

$$\left(\frac{1}{P}\right) u_{xx} + \frac{(1-\lambda)^2}{\alpha P} u_{xx}^*$$

version ($-c_x u_{xxx}/u_x = \sigma$), one
 $1 - \sigma$). Because $u_x < u_x^*$, one
 and negative for $\sigma < 1$.

high value of λ (graphed as L) and
 ing constant relative risk aversion
 ensures that the substitution effect
 (with effect.) In this case if the liquidity