

Monetary Policy and the Quantity Theory of Money

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Di Tella and Minneapolis Fed

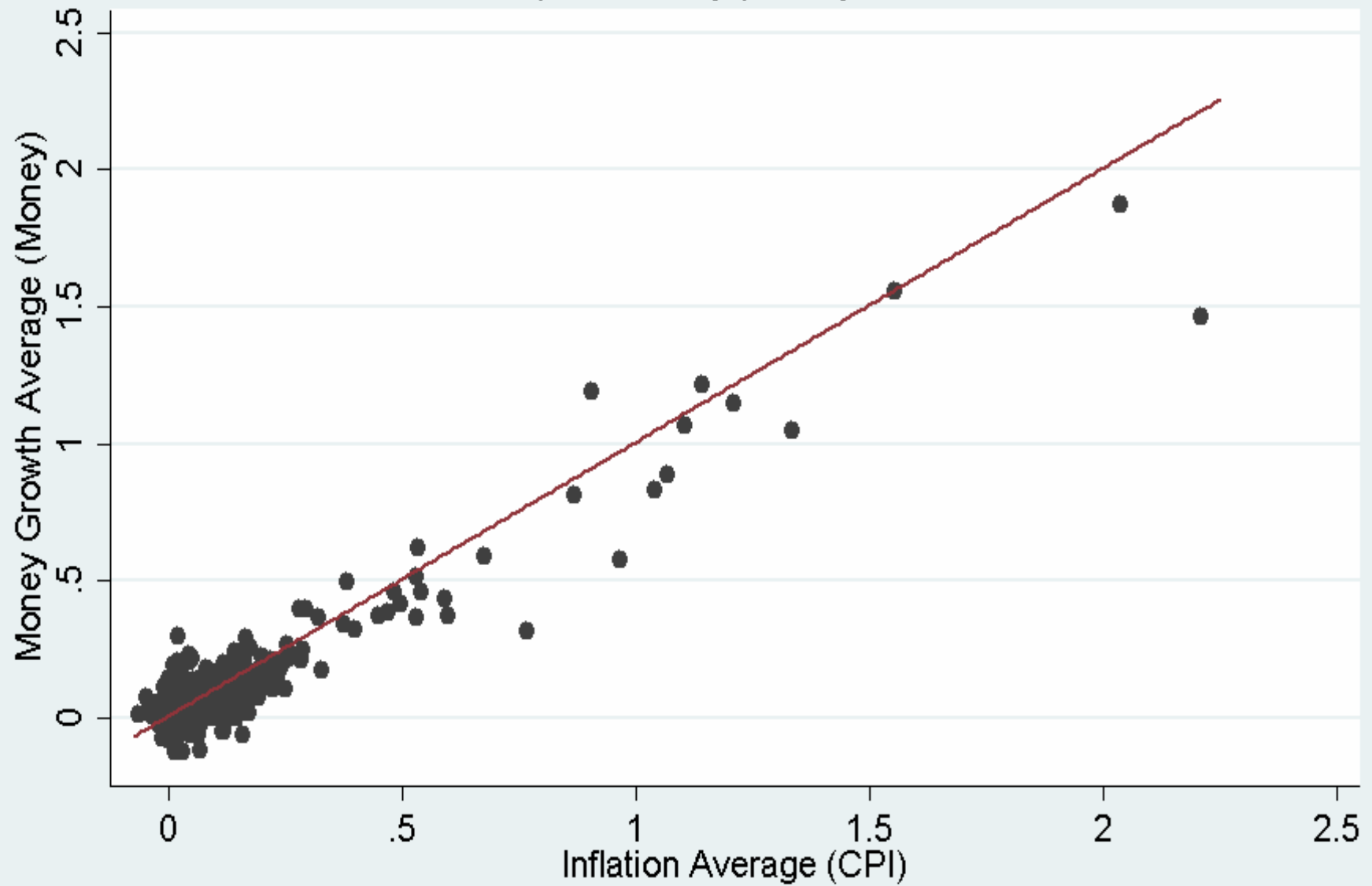
November 30, 2009

The IFS Data Base

- Inflation & Money Growth (CPI and Base Money)
- Quarterly data: 1960:1 – 1999:4 form IFS
 - Includes countries with a minimum of 10 years of consecutive data (102 countries).
- Definition of “event”
 - 1 observation per country per 1 years
 - 1 observation per country per 2 years
 - 1 observation per country per 5 years
 - Country Average
- Plotted a 45 degree line with constant 0.0075

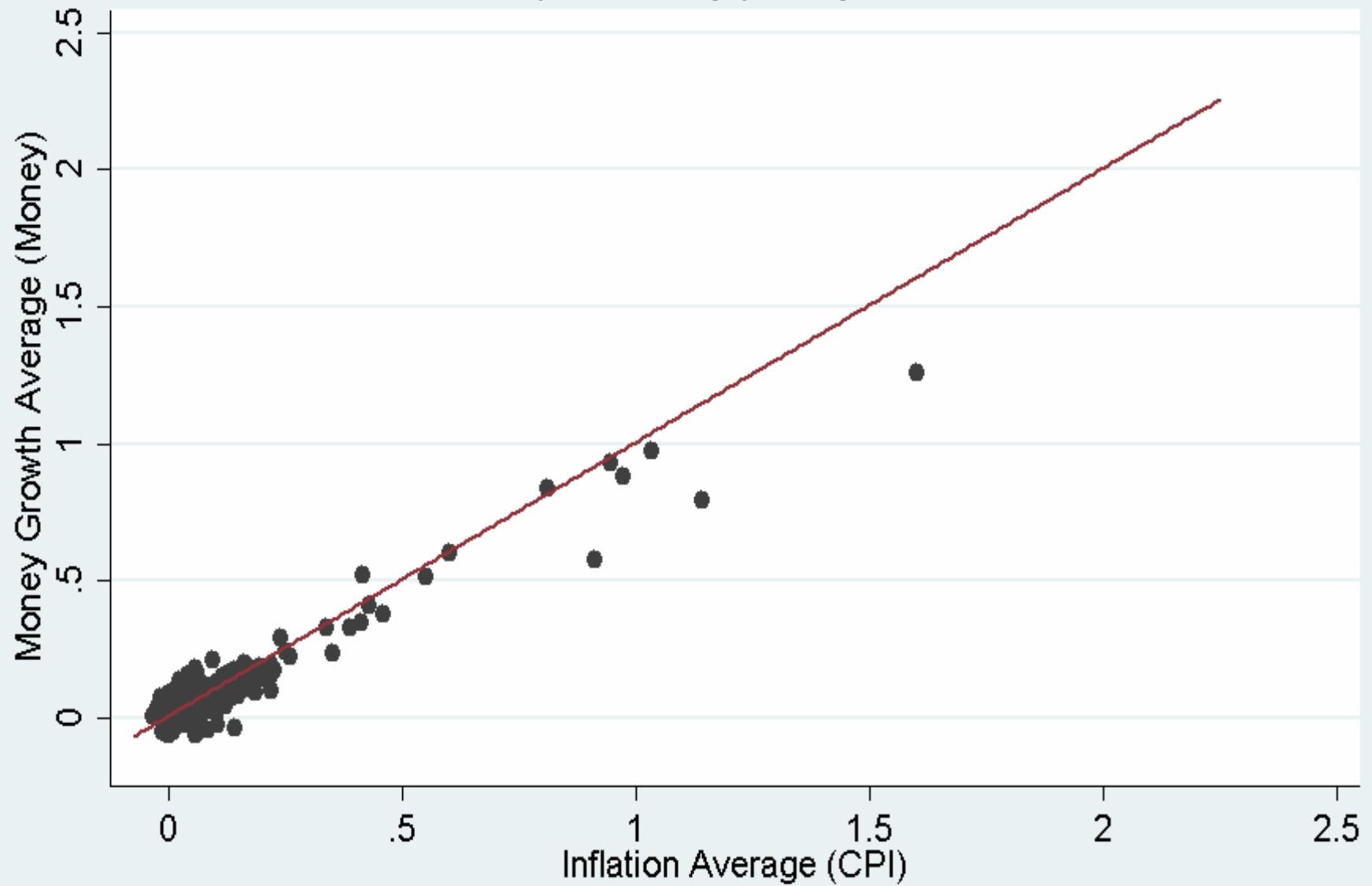
Inflation vs Money Growth - Geometric Mean

1 observation per country per 1 years - all countries



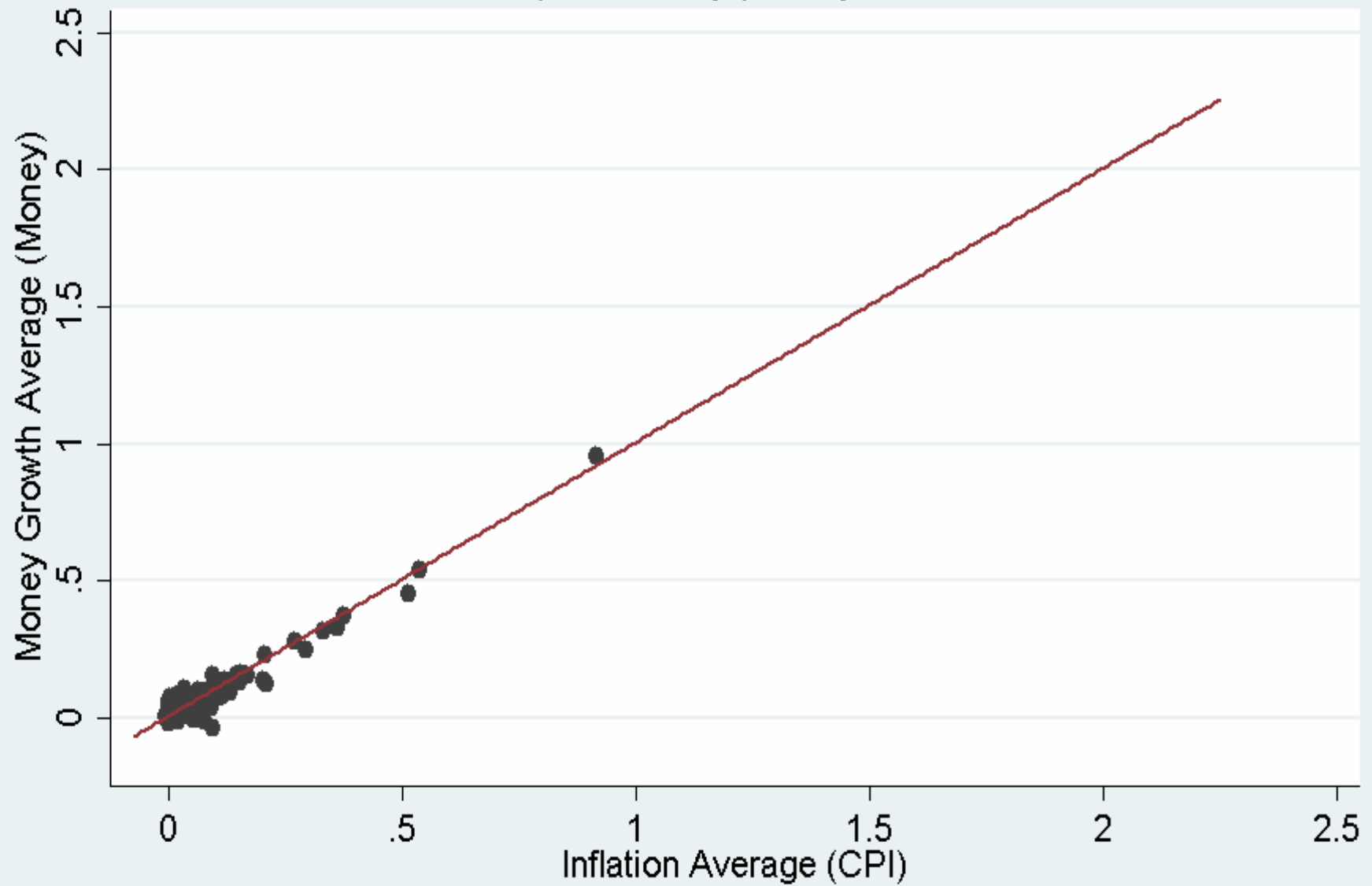
Inflation vs Money Growth - Geometric Mean

1 observation per country per 2 years - all countries



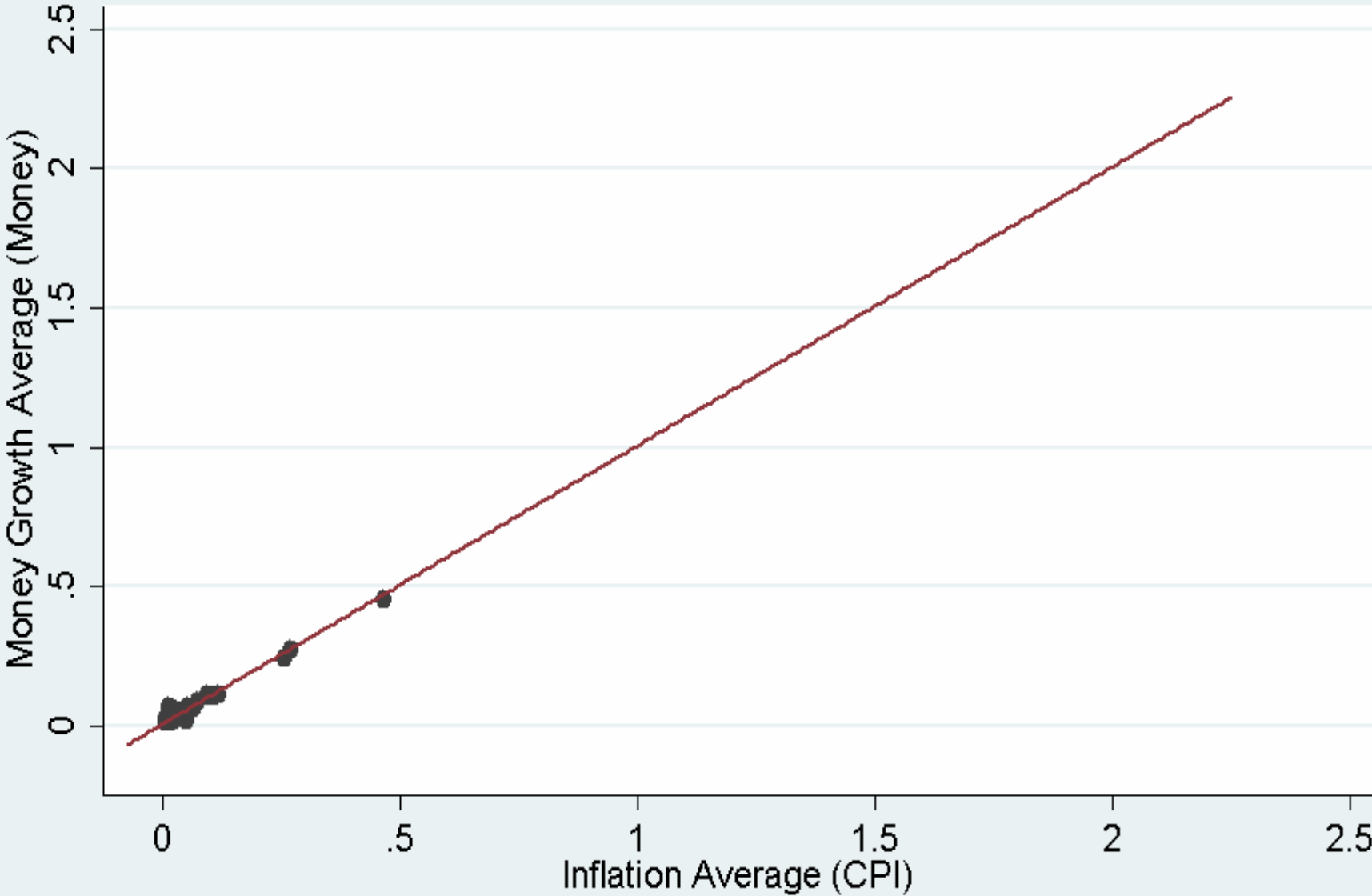
Inflation vs Money Growth - Geometric Mean

1 observation per country per 5 years - all countries

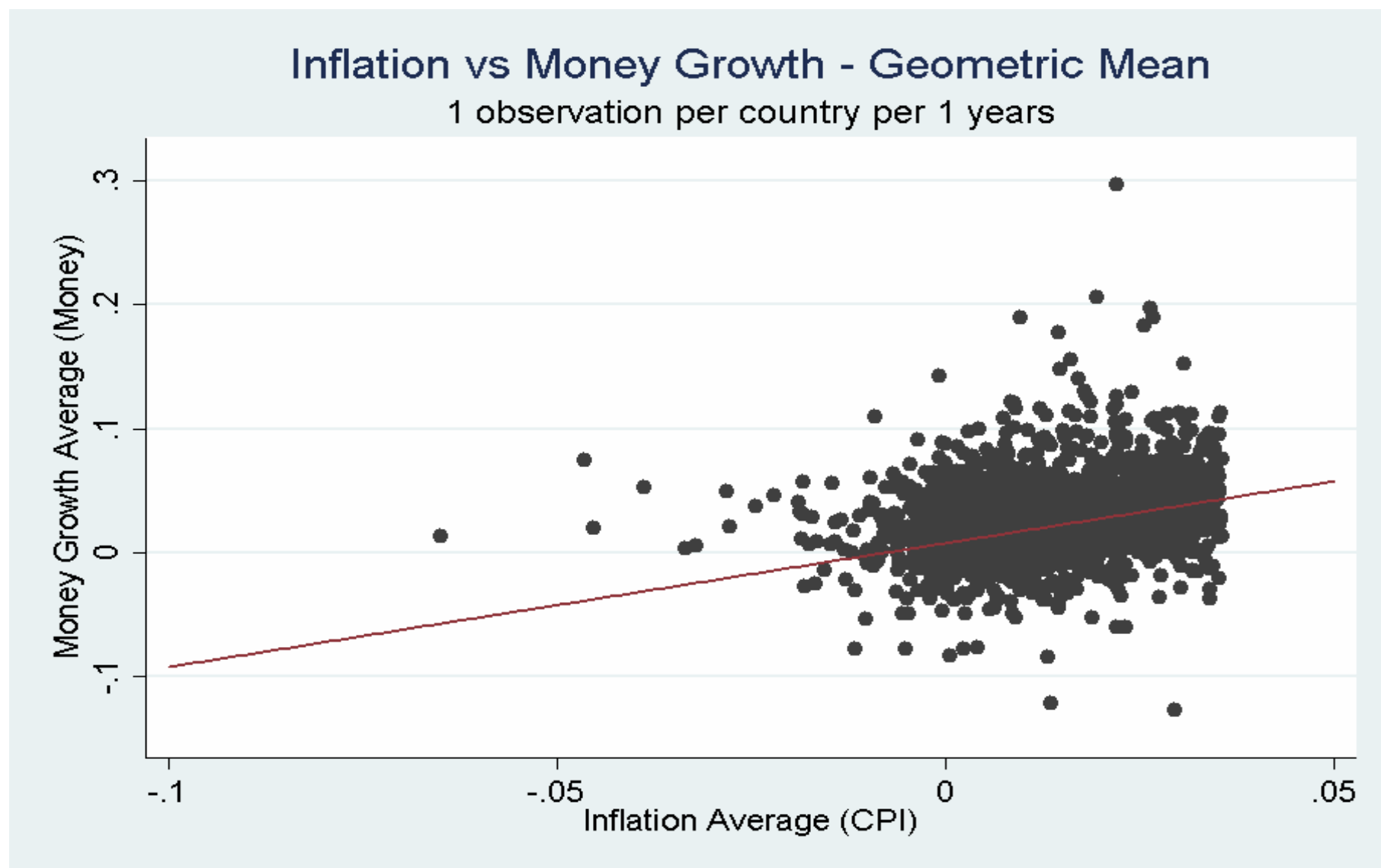


Inflation vs Money Growth - Geometric Mean

Average per Country - all countries

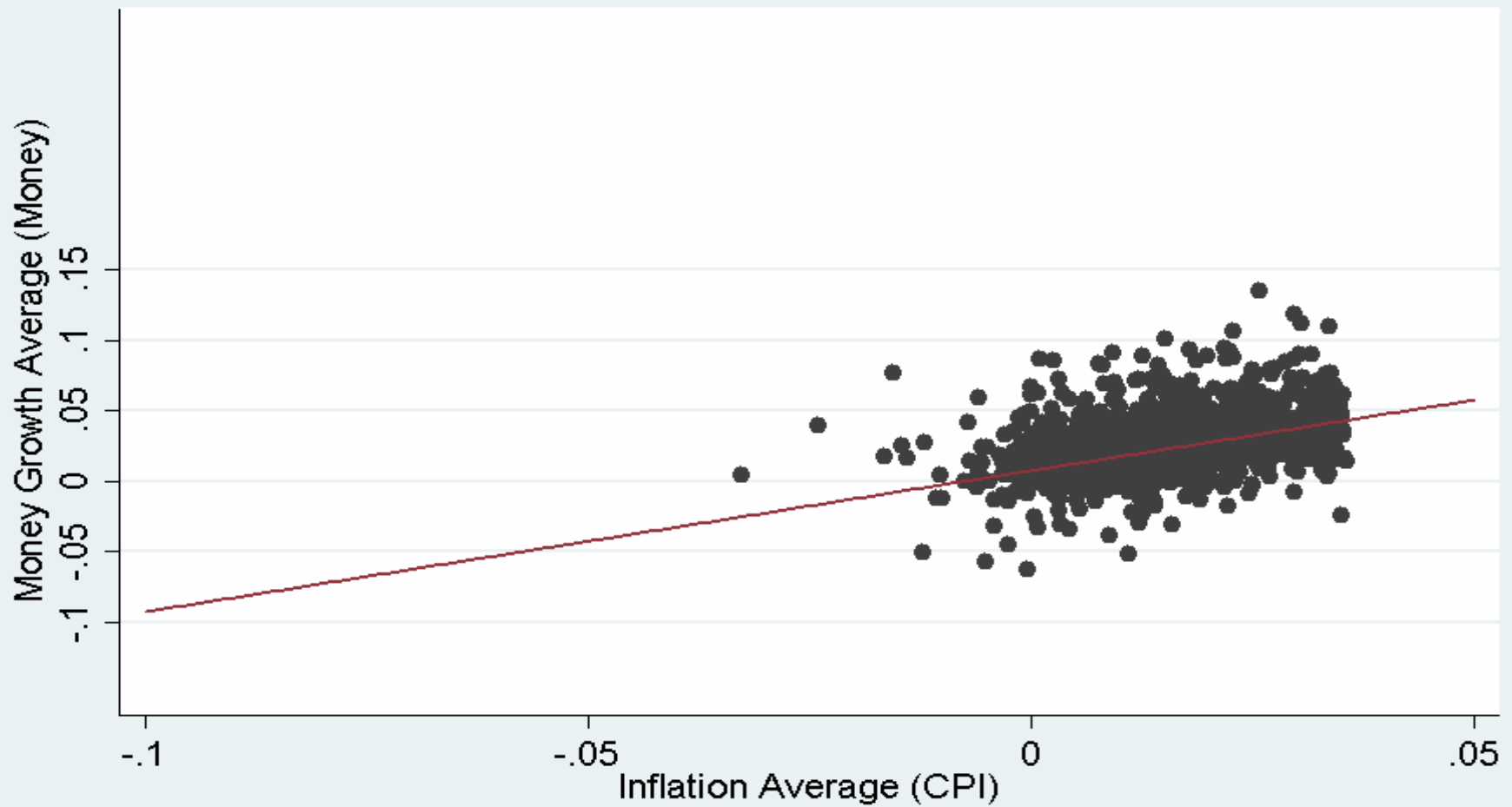


Is this an artifact of the high inflation countries?



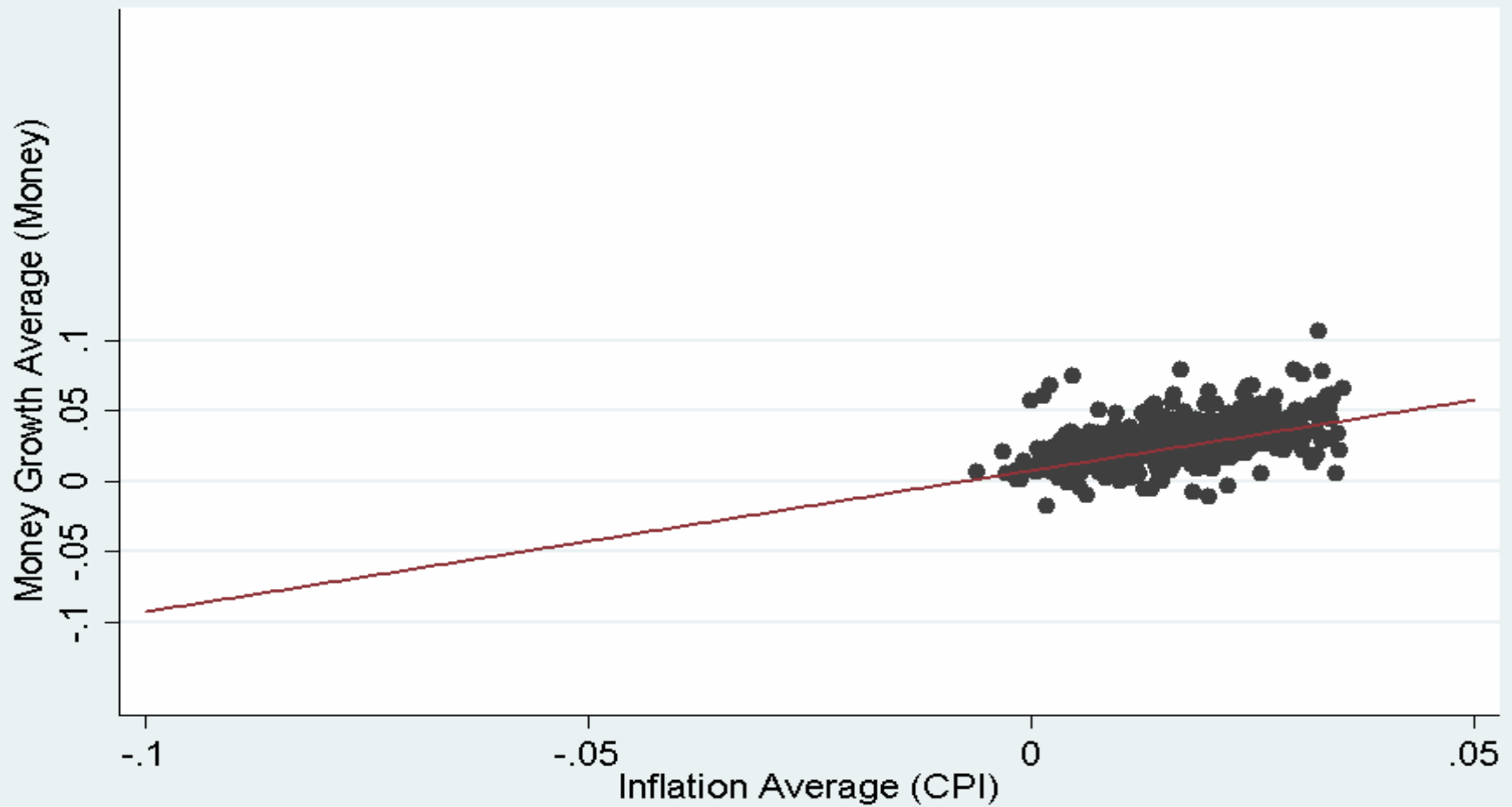
Inflation vs Money Growth - Geometric Mean

1 observation per country per 2 years



Inflation vs Money Growth - Geometric Mean

1 observation per country per 5 years



Inflation vs Money Growth - Geometric Mean

Average per Country

