1 Overlapping Generations:

2-period lives.
1 commodity per period, \( \ell = 1 \).

Stationary endowments:
\[
\omega_0^t = B > 0 \text{ for } t = 0 \\
(\omega_t^t, \omega_{t+1}^t) = (A, B) > 0 \text{ for } t = 1, 2, \ldots
\]

Stationary preferences:
\[
u_0(x_0^t) = D \ln x_0^t \text{ for } t = 0 \\
u_t(x_t^t, x_{t+1}^t) = C \ln x_t^t + D \ln x_{t+1}^t \text{ for } t = 1, 2, \ldots
\]

Passive fiscal policy:
\[
m_0^1 = 2 \quad m_t^e = 0 \text{ otherwise}
\]

Goods price of money is \( p^m \geq 0 \).

Precisely plot (use graph paper if necessary) the offer curve in excess demand space \((x_t^t - \omega_t^t, x_{t+1}^t - \omega_{t+1}^t)\) for Mr. \( t \geq 1 \). Plot the reflected offer curve, and analyze the global dynamics for each of the following cases:

(a) \( A = 1, B = 2, C = 2, D = 1 \)
(b) \( A = 2, B = 2, C = 1, D = 4 \)
(c) \( A = 8, B = 5, C = 4, D = 6 \)
(d) \( A = 2, B = 8, C = 1, D = 4 \)

Is there a pattern?
Derive the conditions for a "Samuelson" versus a "Classical" economy and relate them to the above?

Let \( m_0^1 = -1 \) (negative money). Redo all the exercises above. Is there a pattern? What happens to the Samuelson economy when going from positive money to negative money? The classical economy? [Hint: Be sure to plot the **FULL** reflected offer curve.]