1) Suppose that commercial banks across the United States decided to increase the fees charged at ATMs. Explain the impact of this on the following:

   a) Number of cash withdrawals per month

      *Withdrawals per month would go down as people avoid the higher fees*

   b) Average withdrawal amount

      *Each cash withdrawal would have to go up as the money would have to last longer*

   c) Average cash holdings (i.e. money demand)

      *Average cash holdings increase*

   d) Velocity of money

      *Velocity of money goes down as more cash is being held per person*

   e) The price level in the US

      *The increase in the real value of money demanded would need to be matched by an increase in the real value of money supplied. This is accomplished by a falling price level.*