

Macroeconomics 2

Moodle blocks 4



Podtitul dokumentu

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Equilibrium product and multipliers - three-sector)

 1

Yo = ----------- \* Aa Aa = Ca + Ia + Ga+ cTRa –cTAa equilibrium

 1-c (1-t)

Y = α3 \* Aa Change in autonomous expenditures (G, I)

Y = α 3 \* c TRa  Change of trasfer payments (TR)

Y = -c/1-c \* TAa Change in the level of autonomous taxes

Y = Y1 – Y0 Change in income tax (t)

1. How is the state budget deficit of the Czech Republic settled?
2. How is the tax burden measured in the Czech Republic and the European Union?
3. We suppose that c = 0,8 t = 0,15 increase of transfer payments (TR) is 50 and the increase of government expenditures (G) is also 50. Determine what will be the change of the equilibrium income due to TR and influence of G.
4. The economy is characterized by the savings function S = - 300 + 0,3YD (C = 300 + 0,7 YD), I = 300, G = 200, TR = 50, t1 = 0,12. Determine how the NH product will change if the tax rate increases to t2 = 0,2.
5. The economy is characterized by the following relations: C = 200 + 0,8 YD, I = 500, G = 300, TR = 0 t = 0,4

Specify:

a) the amount of Nh product

b) what would be the addition of G to increase the NH product by 500

c) what effect on the product level increase of transfer payments by CZK 50 billion?

d) Determine the change in SR income as a result of the increase in the previous increase of the transfire payments

1. The economy is characterized by the following relationships:

C = 100 + 0,75 YD, I = 500, G = 300, t = 0,28 TR = 400 TAa = 100

Find out:

a) By how much% will be the income of SR changed if the investment is increased by 15%

b) By how much% will be the SR revenue changed if TAA is reduced by 25%