

Macroeconomics 2

Moodle blocks 11



Podtitul dokumentu

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Formátování:

Normální text

**Silné**

AD – Aggregate demand (model IS-LM)

Consider the AD curve and its possible changes (curve shifts and curve offsets). What impact will the following circumstances have?

a) pessimistic expectations of the future economic development of the economy

b) the growth of the rate of personal income tax

c) the reduction of interest rates by central banks

1. We have the 3sector economy described by the following characteristics:

Aa3 = 601 c = 0.85 t = 0.25 b = 1200 k = 0.2 h = 1000 M = 100

P1 = 1.00 P2 = 1.2

a) Use the IS - LM model to derive the AD curve and plot the graphs

b) graphically illustrate the assumption that the government will reduce its purchases by 50 units, as will the impact of the fiscal restriction on the AD curve.

1. The economy is described in the property market and money market as follows:

C = 200 + 0.8 YD t = 0.25 I = 1800 -5000i L = 0.25Y - 6250i G = 1100

  M = 2000

a) Identify national economic multipliers and equilibrium level of product that equals the potential product and P = 1

b) How does the price level change if a potential money NH product is raised to M = 2100

1. The economy is characterized as follows:

C = 100 + 0.8 (1 - 0.25) Y I = 1800 - 1800i G = 500 L = 0.2Y - 4000i M = 400

Specify:

a) AD function

b) The level of the equilibrium product

c) How to change the AD function if the money offer is reduced by 40 units

d) How does NH product change as a result of this change