**Macroeconomics 4\_sector economy**

**What is the marginal propensity to import, when increase in real GDP of $ 400 billion causes import increase by 120 billion?**

**Consider cas of an open economy. Determine the multiplier value for c = 0.45 and m = 0.1.**

**We have an economy with the following data:**

**– autonomous part of consumption expenditure 10**

**- investment 5**

**- government expenditures 40**

**- export 5**

**- mpc (c) 0.8**

**- tax rate 0.2**

**Calculate: a) autonomous spending of the economy**

 **b) multiplier value**

 **c) the amount of equilibrium expenditure**

 **d) the level of equilibrium expenditure, if government spending increases by 20 billion crowns**

 **e) graphically illustrate AE curves for different levels of autonomous spending**

**Now we will also include foreign trade in the model. The economy is described as follows:**

**NX = 20 – 0,1Y C = 20 + 0,75(1 – t)Y I = 25 G = 15**

**If the government wants to maintain a balanced level of current PB account, what tax rate should it enact?**