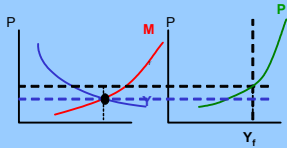


Managing Business Cycles with Fiscal Policy



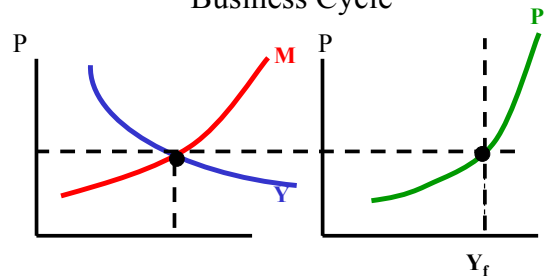
Fiscal Policy

- What the government spends and how it taxes is very important.
 - The “Foolish Project” is an illustrative ploy
 - Taxes have all sorts of incentive effects

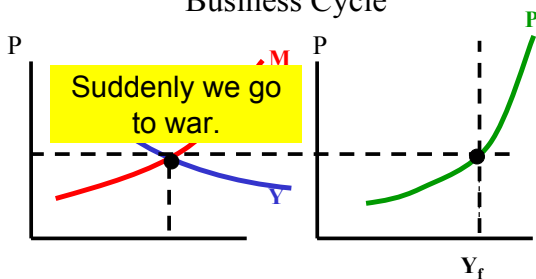
Fiscal Policy

- We talk here about solely its use to manage Business Cycles.
 - That is, can spending and taxing per se drive business cycles

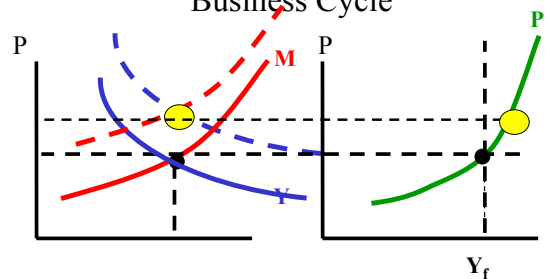
Can Spending Cause a Business Cycle



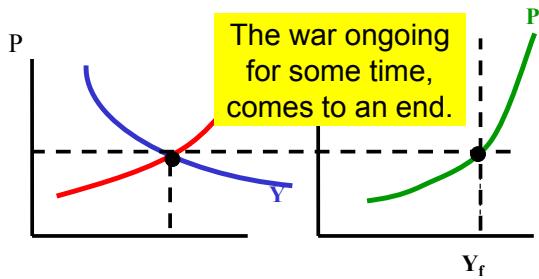
Can Spending Cause a Business Cycle



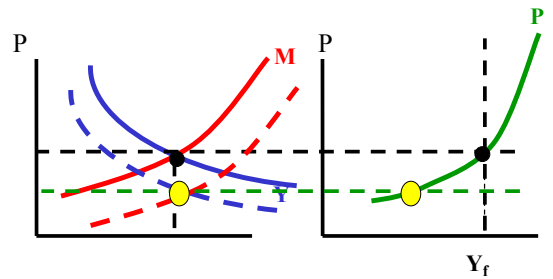
Can Spending Cause a Business Cycle



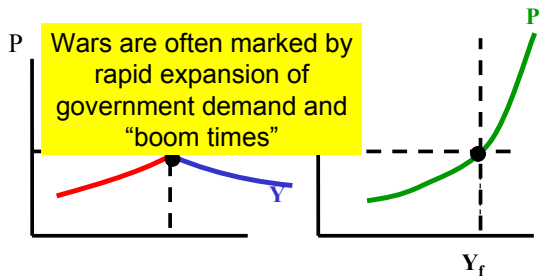
The End of the War



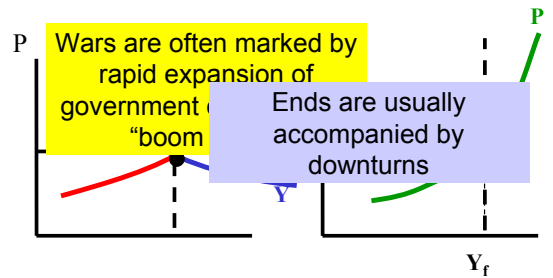
The End of the War



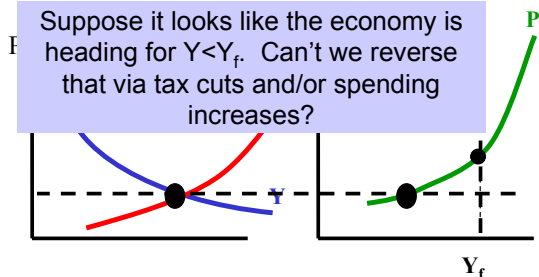
Examples



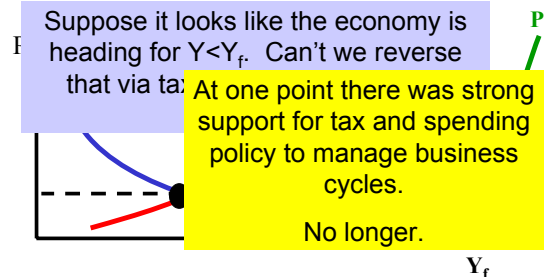
Examples



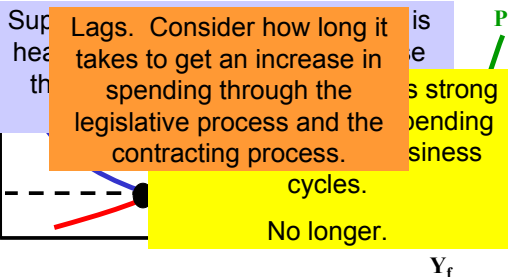
The Extension



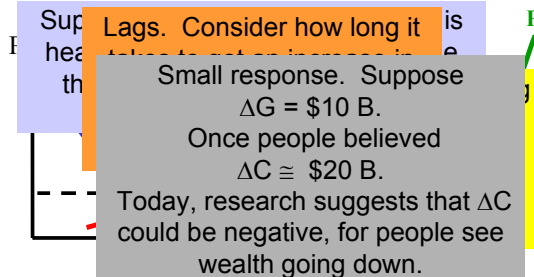
No Homework Here



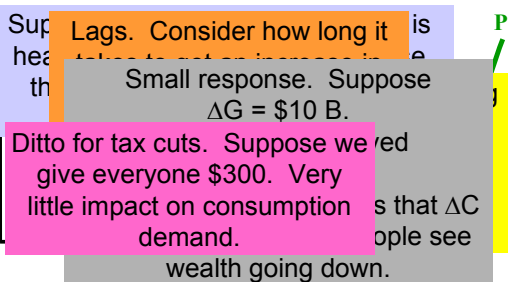
Why



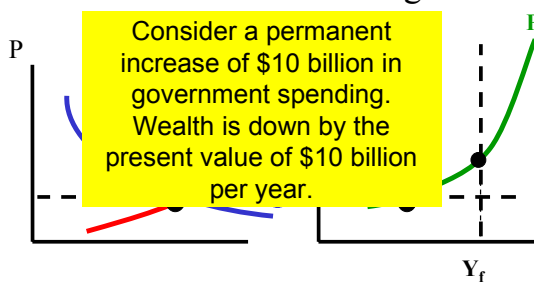
Multipliers



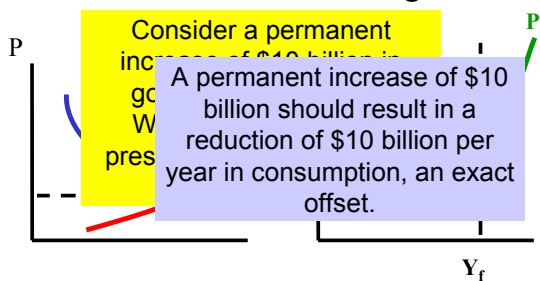
Tax Cuts



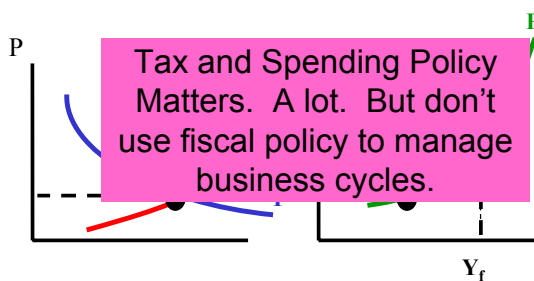
A Permanent Change



A Permanent Change



Conclusion



End

©2004 Charles W. Upton.
All rights reserved