

EE212 1/2021

Assignment 3: Equilibrium national income (Y = DAE approach)

Given that

$$C = 80 + 0.4Y^d$$

$$I = 50 + 0.6Y$$

$$G = 30$$

$$T = 10 + 0.1Y$$

$$X = 40$$

$$M = 20 + 0.16Y$$

Note $Y^d = Y - T$

1. Finds equilibrium national income using $Y = DAE$ approach
2. Draw graph show equilibrium national income
3. Finds multipliers of all autonomous variables and explain the meaning of those multipliers
4. If autonomous government spending increases 4 units, and autonomous tax increase 20 units, find the new level of equilibrium national income

Deadline: Tuesday February 15th, 2022 midnight

Note: Please name your file as **Assignment_3_Equilibrium_national_income_Y_DAE**