Wilf Csaplar Jr. Economics 302 Homework #4 **Due Thursday 9/25**

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

1) (5 points) Explain KFA = -CA.

2) (20 points) Draw the S/I diagram for a closed economy. Illustrate the effects of an increase in government spending assuming Ricardian Equivalence does not hold. Explain why the curve(s) moved as drawn. What happens to the level of saving, level of investment, and the interest rate?

3) (20 points) Draw the S/I diagram for a closed economy. Illustrate the effects of an increase in future marginal productivity of capital. Explain why the curve(s) moved as drawn. What happens to the level of saving, level of investment, and the interest rate?

4) (15 points) Belarus' second biggest export is rapeseed oil. Suppose we import $500 worth of it. Do the double entry bookkeeping for that. Briefly state why you choose the entries. What happens to the NX, CA, long-run KFA, and short-run KFA. State how you reached those conclusions. https://oec.world/en/profile/country/blr

5) (15 points) Suppose a resident of Belarus buys $ 7000 worth of shares of stock in Ford. Do the double entry bookkeeping for that. Briefly state why you choose the entries. What happens to the NX, CA, long-run KFA, and short-run KFA. State how you reached those conclusions.

6) (15 points) Suppose Amazon Web Services (a company based in the USA) sells $ 8000 worth web hosting services to a Canadian company. Do the double entry bookkeeping for that. Briefly state why you choose the entries. What happens to the NX, CA, long-run KFA, and short-run KFA. State how you reached those conclusions.

7) (10 points) What are *unilateral transfers*? Why are they included in CA not KFA? Explain your logic.