

Economic Dynamics

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Lecture 5: Simple Keynesian Dynamics

October 10, 2019

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Assignments

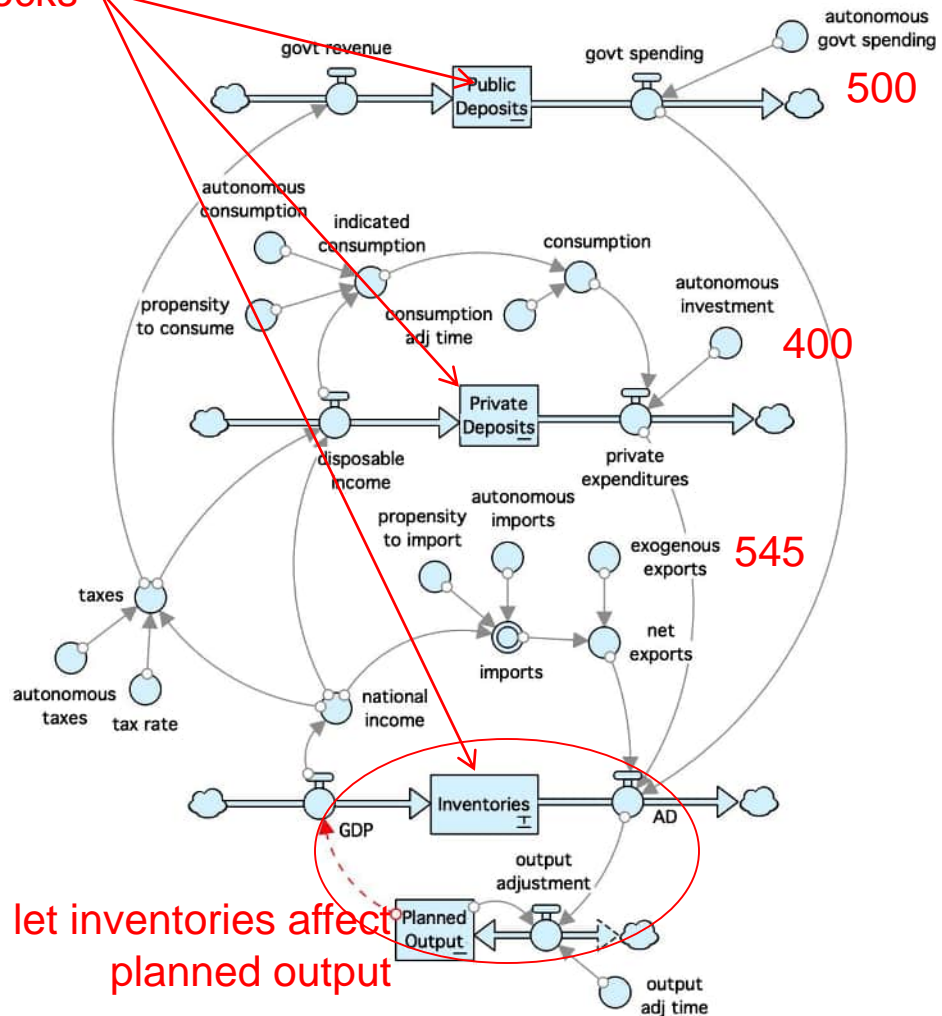
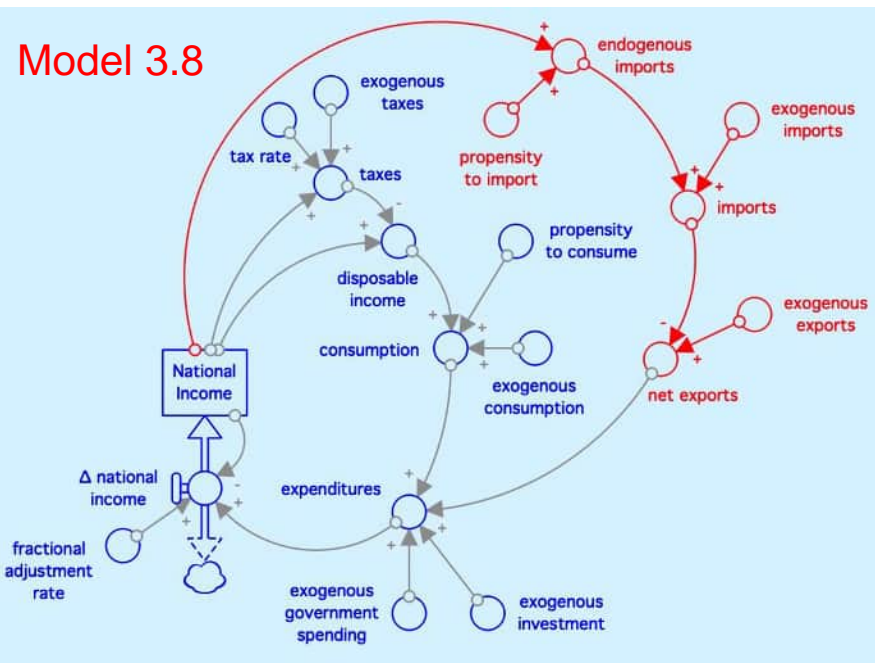


1. Convert SD Model 3.8 by adding 3 stocks: inventories, private deposits, and public deposits.
2. Only these parameter values are different from model 3.8
 - initial planned output = 2675 euros/year
 - autonomous government spending = 500 euros/year
 - autonomous investment = 400 euros/year
 - autonomous exports = 545 euros/year
3. Add new structure so that inventories will be 'managed' towards a goal for inventories.
 - desired inventory coverage = .25 years
 - inventory adjustment time = 1 year
4. Create a story for 'Model 3.8 with Stocks'

see next slide

add 3 stocks

Model 3.8



let inventories affect planned output