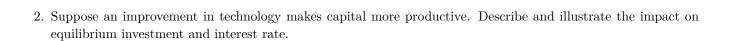
ECO 120: Global Macroeconomics Week 7 Homework: Loanable Funds Market	Name:
1. Suppose businesses expect demand for their productillustrate the impact on equilibrium investment and	ets and services to increase in the near future. Describe and interest rate.



3. Suppose a government decreases spending while keeping tax revenues the same. Describe and illustrate the impact on equilibrium investment and interest rate.

4.	Suppose a government increases its spending on infrastructure such as roads, electrical lines, and communications infrastructure, all of which make business more productive. Suppose the governments finance this with cuts to less essential expenditures, so that total government expenditures and taxes stay the same. Describe and illustrate the impact on equilibrium investment and interest rate.
5.	Suppose a government increases its spending on infrastructure such as roads, electrical lines, and communications infrastructure, all of which make business more productive. Suppose the government does this while keeping tax revenues the same. Describe and illustrate the impact on equilibrium investment and interest rate. Describe how and why your answer to this question is different than the previous question.
	now and why your answer to this question is different than the previous question.
6.	Suppose a country reduces international trade barriers which results in more foreign direct investment. Describe and illustrate the impact on equilibrium investment and interest rate.

7.	There is statistical evidence that recent immigration of workers into the United States has led to an increase in capital utilization and therefore an increase in capital productivity. Describe and illustrate the impact on the equilibrium investment and interest rate in the United States.
8.	Suppose changes in policies in foreign countries lead to a permanent increase in U.S. demand for imported goods, but businesses expect a negligible change in long-run total spending on U.Sproduced goods and services. Describe and illustrate the impact on equilibrium investment and interest rate in the United States.