

- 1 Suppose businesses expect demand for their products and services to increase in the near future.
- 2 Suppose a government increases its spending on military spending while keeping tax revenues the same.
- 3 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 other expenditures, so that total government expenditures and taxes stay the same.
- 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 government does this while keeping tax revenues the same.

## Loanable Funds Market (Page 2 of 2)

- 5 Suppose while maintaining a balanced budget, the government allocates more spending and support for routine health care services which have been shown to improve both health and productivity of workers.
- 6 Suppose a country imposes legal barriers to foreign direct investment, which makes it less profitable for foreign companies to build manufacturing and service facilities in the country.
- 7 Suppose consumers' incomes decrease, causing them to decrease both spending and saving.
- 8 Suppose the government gives tax rebates to business to expand their facilities and makes no change in taxes.
- 9 Suppose consumer confidence drops, leading to both decreases in expenditures on goods and services and an increase in precautionary savings.
- 10 Suppose a decrease in tariffs cause consumers to increase their demand for imported goods and services.