**Homework #7**

Due: 25 April 2024

1. **GDP Uses/Expenditures Balances.**

If a country’s saving exceeds domestic investment by more than is needed to fund its government deficit, what do we know about its foreign trade balance?

1. **Fiscal balance relationship to national income.**

An economy can be running a fiscal surplus and still be said to have an expansionary fiscal stance. How so? Please represent graphically.

1. **Debt/GDP trajectory.**

For the Philippines, the IMF is projecting a stable debt/GDP ratio at about 56 percent through 2026.

* 1. Does this mean the Philippines is expected to run a balanced budget?
  2. For the debt/GDP ratio to decline, what factors might change relative to IMF projections?

1. **Philippine fiscal response to Covid.**
   1. In 2019, the actual fiscal deficit of the Philippines was equal to its structural deficit at -1.5 percent of GDP. What does this imply about Philippine GDP performance?
   2. In 2020, the Philippines’ actual fiscal deficit leapt to -5.5 percent of GDP while its structural defict reached only 3.3 percent of GDP. What accounts for the difference?
   3. Based on information given above, what can you say about the fiscal impulse in 2020?