



Automatic stabilizers for fiscal policy

By Khanh Pham-Gia

GRIN Verlag Jul 2009, 2009. Taschenbuch. Book Condition: Neu. 210x148x2 mm. This item is printed on demand - Print on Demand Neuware - Scholarly Research Paper from the year 2008 in the subject Business economics - Economic Policy, printed single-sided, grade: 1.0, University of applied sciences, Munich, language: English, abstract: The object of this study is to analyze the influence of fiscal policy, in particular of the public expenditure, on the stabilization of business cycle. Moreover, the functional principle of automatic stabilizers and the impact of fiscal stabilizers on businesses are studied. The condition for a steady economic development is achievement of stability targets like full employment of production factors, monetary stability, balancing of payment as well as equilibrium of foreign trade. To counteract the economic fluctuations government can apply two stability tools: the fiscal and the monetary policy. These both policies affect the aggregate demand and contribute to stabilize short-run economic fluctuations. The principle of the fiscal policy is an adjustment of public expenditure and public revenue (taxes) in according to the economic situation. A higher public expenditure leads to an increasing of the aggregate demand. The total change in GDP is depending on two opposite macroeconomic effects: the...

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