

Cyclical Government Spending and Stabilization under a Balanced Budget Rule

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ABSTRACT

This paper introduces cyclical government spending into a one-sector real business cycle model and systemically examines macroeconomic (in)stability under a balanced budget rule with endogenous government spending (or an endogenous income tax rate). I find that cyclical government spending can stabilize the economy against business cycle fluctuations.

Key Words: cyclical government spending, balanced budget rule, local (in)determinacy, stabilization

平衡預算法則下的循環性政府支出 與均衡動態穩定

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摘 要

本文引進循環性政府支出至一個單部門的實質景氣循環模型，且系統地檢視財政當局執行「內生調整政府支出（或是內生調整所得稅率）的平衡預算法則」的總體經濟穩定特質。我們發現：循環性政府支出的引進可以穩定體系自我信念驅動的景氣波動。

關鍵字：循環性政府支出、平衡預算法則、局域（非）唯一解、穩定性