

11.18: Assignment- Economic Impact of Lower Corporate Tax Rate

The AD-AS model can be used to analyze the effects of fiscal policy, including changes in government spending or taxes. Suppose Congress votes to decrease corporate income tax rates. Use the AD/AS model to analyze the likely impact of the tax cuts on the macroeconomy. Show graphically and explain your reasoning. What exactly causes AD and/or AS to shift? What happens to GDP and the aggregate price level? Why?

Rubric

Criteria	Not Evident	Developing	Proficient	Distinguished	Weight
Explain the Keynesian perspective on tax cuts and show graphically.					4
Explain the Neoclassical Perspective on tax cuts and show graphically.					4
Explain the effect of tax cuts on GDP. Show graphically.					4
Explain the effect of tax cuts on the price level. Show graphically.					4
Write up your analysis using correct language, explaining all your work.					4
					Total: ____/20

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