Chapter 14: 解答 （P1, P7 題）

Problems

1. (a) $33,000; $39,000; $34,500.

(b) Consumption equals 0.8 times permanent income. Thus, consumption equals $26,400; $31,200; $27,600.

(c) The short-run MPC *kj* (0.8)(0.5) 0.4.

(d) In 2011, actual income increases from $30,000 to $36,000. Because permanent income increases to $33,000, transitory income equals $3,000. The PIH theory assumes that 80 percent of the permanent income being consumed and none of the transitory income being consumed. The short-run MPC (0.4) differs from the long-run MPC (0.8) because we assume that MPC out of transitory income is zero.

7. (a) During his working years, Jim will earn a total of 40($40,000) equals $1,600,000. He also has assets of $320,000, which when combined with his lifetime income, allows him to consume a total of $1,920,000 over the remaining 50 years of his expected lifetime. Therefore Jim will be able to consume on average, $1,920,000/50 $38,400 per year.

The ratio of Jim’s average annual consumption to his average annual income equals $38,400/$40,000 0.96. Therefore his average annual saving rate equals 0.04.

(b) If Jim’s expected lifetime increases by 10 years and he does not change the date of his retirement then his average annual consumption falls to $1,920,000/60 $32,000 per year, the ratio of his average annual consumption to his average annual income declines to $32,000/$40,000 0.8, and his average annual saving rate rises to 0.2.