|  |  |
| --- | --- |
| **GDP** | **Consumption** |
| **$200** | **$ 205** |
|  **225** |  **225** |
|  **250** |  **245** |
|  **275** |  **265** |
|  **300** |  **285** |

**1. Refer to the above data. The marginal propensity to consume is:**1. .20
2. .25
3. .75
4. .80

**2. Refer to the above data. If disposable income was $325, we would expect consumption to be:**
1. $315.
2. $305.
3. $20.
4. $290.

**3. What is the spending multiplier?**

1. 1

2. 2

3. 3

4. 4

5. 5

**4. Assume equilibrium GDP is 250. If $10 in investment was added to this economy, what would the new equilibrium GDP be?**

1. 250

2. 260

3. 275

4. 300

5. 325