|  |  |
| --- | --- |
| **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 GDP was $350, we would expect consumption to be:**
1. $350.
2. $325.
3. $305.
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