

Answer Key for the Homework due on March 23 – Selected questions

pp. 366-367

- (17) a- $Y=10,000$.
b- $MPC = 0.6$.
c- $Y' = 11,000$.

(19) Change in $Y = 5 * 75 = \$375$.

- (21) a- \$12.
b- $MPC = 0.8$.
c- Multiplier = 5.
d- Falls by 0.4; constant; increases by 0.4.

p. 369

(2) $Y=14,000$

(3) If $Y=16,000$ then $AE=15,500$ and inventories increase 500. If $Y=12,000$ then $AE=12,500$ and inventories decrease 500.