

The Spending Multiplier Formula Drill Set 1

1. New investment is 10 billion dollars and MPS is 25%. How much spending will occur altogether?
2. New government spending is 25 billion dollars and MPS is 50%, how much spending will occur altogether?
3. New government spending is 4 billion dollars and MPC is 75%, how much spending will occur altogether?
4. New government spending is 15 billion dollars and the ΔY is 150 billion dollars, what is the multiplier?
5. MPC is 75% and the ΔY is 400 billion dollars, what was the ΔG ?
6. $\Delta G = 100$ billion dollars and MPS is 20%, what is the ΔY ?
7. New consumer spending is \$75, MPC is .9, how much spending will occur altogether?
8. New consumer spending is \$45 and MPS is 1%, how much spending will occur altogether?
9. New Government spending is \$3 billion and MPC is 95%, what is the ΔY ?
10. ΔY is \$500 and MPC is .8, what was the ΔI_g ?

Real GDP, Price Indices, Reserve Requirement, and the Money Multiplier

1. Nominal GDP is 6000. The GDP Deflator is 200. What is real GDP?
2. Nominal GDP is 3000. The GDP Deflator is 100. What is real GDP?
3. Nominal GDP is 4000. The GDP Deflator is 50. What is real GDP?
4. What are the base years for the consumer price index?
5. If the PPI is 155, what percentage of inflation has occurred since the base year?
6. With a deposit of 200 dollars and a reserve requirement of 20% how much must be kept by the bank?
7. With a deposit of 200 dollars and a reserve requirement of 20% how much could be lent out by the bank?
8. With initial excess reserves of 400 dollars and a reserve requirement of 10%, how much will be added to M1 altogether?
9. With initial excess reserves of 500 dollars and a reserve requirement of 20%, how much will be added to M1 altogether?
10. With initial excess reserves of 100 dollars and a reserve requirement of 5%, how much will be added to M1 altogether?