AP Macro Multiplier Practice

AP Macroeconomics | Fiscal policy | Advanced

Learner: _____ Date: _____

Use spending multiplier=1/(1-MPC) and tax multiplier=-MPC/(1-MPC). State the direction of the change.

MPC=.8; spending rises $10B _____

Work/check: _____

MPC=.75; spending falls $8B _____

Work/check: _____

MPC=.8; taxes rise $10B _____

Work/check: _____

MPC=.6; spending rises $20B _____

Work/check: _____

MPC=.5; taxes fall $12B _____

Work/check: _____

MPC=.9; spending falls $3B _____

Work/check: _____

Grown-up check: +$50B; -$32B; -$40B; +$50B; +$12B; -$30B.

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