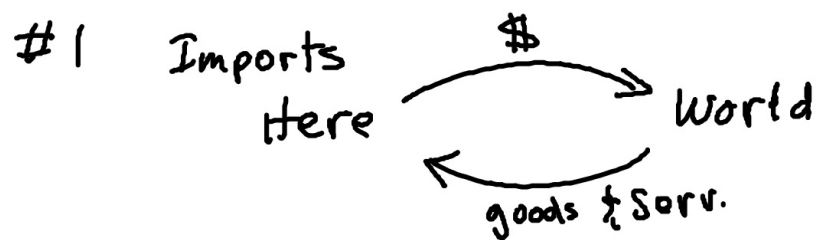


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|-------------------------|-----------|------------------------|-----------|
| 1. ANS: A
SKL: Conc | Module 10 | 10. ANS: B
SKL: Def | Module 16 |
| 2. ANS: A
SKL: Defi | Module 10 | 11. ANS: C
SKL: Cri | Module 16 |
| 3. ANS: C
SKL: Fact | Module 12 | 12. ANS: D
SKL: Co1 | Module 17 |
| 4. ANS: B
SKL: Defi | Module 13 | 13. ANS: C
SKL: Cri | Module 18 |
| 5. ANS: A
SKL: Defi | Module 13 | 14. ANS: A
SKL: Fac | Module 18 |
| 6. ANS: B
SKL: Criti | Module 14 | 15. ANS: D
SKL: Cri | Module 19 |
| 7. ANS: E
SKL: Conc | Module 14 | 16. ANS: D
SKL: Co1 | Module 19 |
| 8. ANS: A
SKL: Conc | Module 15 | 17. ANS: B
SKL: Def | Module 20 |
| 9. ANS: A
SKL: Criti | Module 16 | 18. ANS: D | Module 21 |



#6 nominal = real + inflation

#8 any index: base year = 100
 index = 80 20% decline
 from base year
 index = 120 20% increase
 from base year

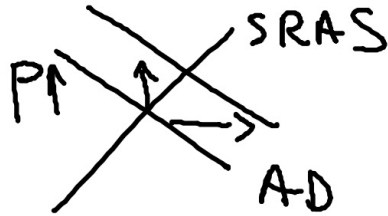
#9 spending multiplier

$$= \frac{1}{1-MPC}$$

$$= \frac{1}{1-.8} = \frac{1}{.2}$$

$$= 5$$

#15



#18 transfer multiplier:

$$= \frac{MPC}{1-MPC}$$

$$= \frac{.8}{.2} = 4$$

transfers ↓ consumption ↓ GDP ↓

$$4 \times \$100 \text{ bn} = \$400 \text{ bn}$$