

17. If the Australian economy is operating at a point of \$100 million below equilibrium, then restoring macroeconomic equilibrium will require
- (a) an increase in government spending of \$20 million if the marginal propensity to save is equal to 0.4.
  - (b) a decrease in government spending of \$20 million if the marginal propensity to save is equal to 0.4.
  - (c) an increase in government spending of \$20 million if the marginal propensity to save is equal to 0.2.
  - (d) a decrease in government spending of \$20 million if the marginal propensity to save is equal to 0.2.