

13. Assuming an economy's real GDP is currently \$1000bn and the marginal propensity to consume (MPC) is 0.75, an increase in government spending of \$50bn will result in a new equilibrium level of spending equal to
- (a) \$1100bn.
  - (b) \$1150bn.
  - (c) \$1200bn.
  - (d) \$1250bn.