$\Delta C = \Delta Y (MPC)$

Calculate the change in Equilibrium GDP

Calculate the change in Consumption

Calculate the change in Gvmt's Budget Deficit

 Δ Deficit = $\Delta G - \Delta T$

Calculate the Spending Multiplier

Calculate the Tax Multiplier













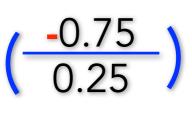




 $\Delta C = 280(0.75) = 210$









Calculate the change in Equilibrium GDP





210

ΔΥ

Calculate the change in Consumption

 Δ Deficit = 0 - (-70) = +70

MPC ≈ 0.75

Calculate the Spending MPC
$$= 0.75$$
 Calculate the Tax Multiplier $\left(\frac{1}{1-\text{MPC}}\right)$ (4) $\left(\frac{\Delta T}{1-\text{MPC}}\right)$ (-3) $\left(\frac{\Delta T}{1-\text{MPC}}\right)$

Calculate the change in Equilibrium GDP

$$\Delta Y = \Delta G \left(\frac{1}{1-MPC}\right)$$

$$\Delta Y = \Delta T \left(\frac{-MPC}{1-MPC}\right)$$

$$\Delta Y = 70 \left(4\right) \Delta Y = 280$$

$$\Delta Y = -70(-3) \Delta Y = +210$$
Calculate the change in Consumption
$$\Delta C = \Delta Y (MPC)$$

$$\Delta C = 280(0.75) = 210$$

$$\Delta C = 210$$

Calculate the change in Gvmt's Budget Deficit Δ Deficit Δ Deficit Δ Deficit

$$\Delta$$
 Deficit = 70 - 0 = 70 Δ Deficit = 0 - (-70) = +70

