

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

1) (20 points) Suppose a person's consumption function is given by $C = 1000 + .8(Y-T)$. If their disposable income was \$10,000.00, then how much are their MPC, APC, MPS, and APS? Show all work. If there is no work, then, state how you got the answer.

2) (20 points) Draw Keynesian cross. According to the headline of the article below, what was the effect of DOGE on government spending? (Assume all changes to the budget are to government spending even though most of the changes are not to government spending.) Illustrate the effects of that on the graph. Explain why the curve(s) moved as drawn. What happens to the equilibrium level of GDP?

<https://fortune.com/article/doge-mass-federal-workforce-cuts-taxpayers-billions/>

3) (20 points) Draw Keynesian cross. According to the data in the link below, what has happened to investment in Argentina in the most recent quarter recorded? (You may want to click on "chg" below the graph.) Illustrate the effects of that on the graph. Explain why the curve(s) moved as drawn. What happens to the equilibrium level of GDP?

<https://tradingeconomics.com/argentina/gdp-from-construction>

4) (20 points) Draw Keynesian cross. According to the data in the link below, what has happened to exports in Nepal in the most recent month recorded? (You may want to click on "chg" below the graph.) Illustrate the effects of that on the graph. Explain why the curve(s) moved as drawn. What happens to the equilibrium level of GDP? <https://tradingeconomics.com/nepal/exports>

5) (20 points) Draw the Keynesian cross. Illustrate the effects of an increase in the marginal propensity to consume. Explain why the curve(s) moved as drawn. What happens to the equilibrium level of GDP?

Of interest, as this website says, if I had asked question #4 back in February, the answer would have been extremely different.

<https://www.ceicdata.com/en/indicator/nepal/total-exports-growth>.