Money multiplier test

1. Assume:

MPC is .90, rr is 10%, the number unemployed is 10,000, r is 4%, i is 7%, Labor force is 111,000

1. Find unemployment rate. Draw an AS/AD graph
2. Find inflation rate. Draw a SRPC with LRPC, using numbers for IR and UR
3. If the govt. spends 40 million, how much will the spending increase GDP. How much will a tax decrease of 75 million increase GDP.
4. On a Money Market graph show the change with the govt. spending
5. On a loanable Fund graph, show what will happen
6. On your AS/AD graph show the impact on PL and Y
7. On your SRPC w/ LRPC show the changes
8. Assume you deposit 25,000 in your account. What is the max increase to MS?
9. Assume you deposit 20,000 dollars in your bank, the bank keeps 4,000 in reserve:
	1. How much is the required reserve ratio that the Feds created.
	2. What is the maximum change to Money supply from your deposit?
	3. What is the maximum change in deposits?