1. Perfectly elastic
2. Equal
3. Wage price rigidity and constant marginal product of labour
4. Full employment
5. One
6. Increase in public expenditure, decrease in tax, deficit financing, decreasing in public debt
7. Increase in public debt , increase in tax, increase in public debt
8. 0.6
9. Tax
10. Greater than 2.5
11. JB Say
12. J M Keynes
13. 1
14. 2
15. Aggregate demand and aggregate supply
16. When Income is 400 C= 100+0.5x 400= 300 So APC = C/Y = 300/400 = 0.75

When Income is 600 C = 100+0.5x 600 = 400 So APC = 0.67

So when income increases APC decreases.

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| --- | --- | --- | --- | --- | --- | --- |
| INCOME | CONSUMPTION | SAVING | C’ | S’ | MPC | MPS |
| 400 | 240 | 160 | - | - | - | - |
| 500 | 320 | 180 | 80 | 20 | 0.8 | 0.2 |
| 600 | 395 | 205 | 75 | 25 | 0.75 | 0.25 |
| 700 | 465 | 235 | 70 | 30 | 0.7 | 0.3 |

1. Ex ante investment refers to the amount of investment which firms plan to invest at different levels of income in the economy , where as the Expost investment is the actual investment in an year