

Answer to Question #90224, Economics/Macroeconomics

$$(a) K = 1 / (1 - (MPC - MPM))$$

$$K = 1 / (1 - (0.9 - 0.1))$$

$$K = \frac{1}{0.2}$$

$$= 5$$

$$(b) \Delta Y = k(\Delta X) = 5 * 10 = \$50$$

$$\Delta M = MPI(\Delta Y) = 0.1 * 50$$

$$= \$5$$

Answer provided by <https://www.AssignmentExpert.com>