

Aggregate Expenditures

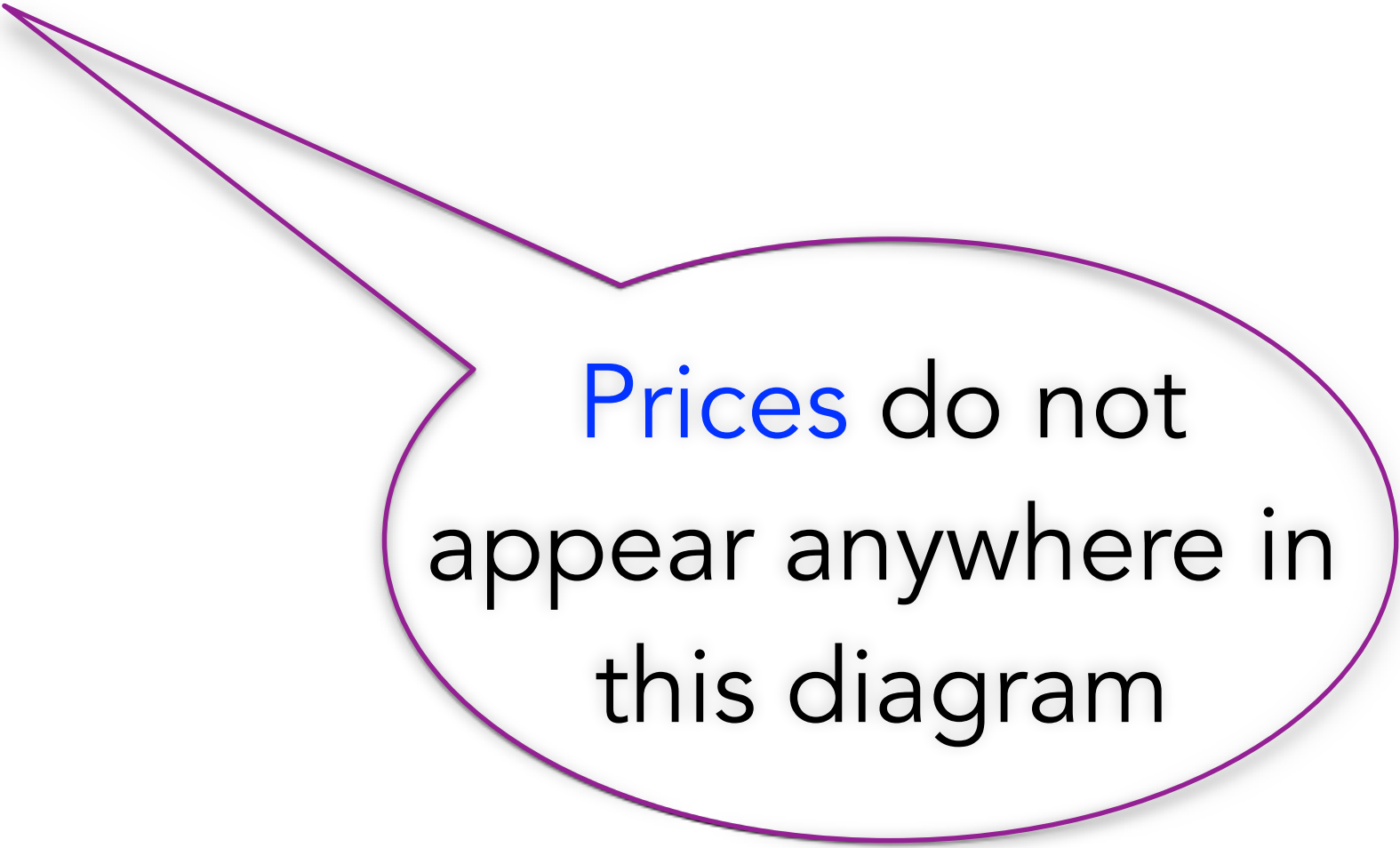
AE

For different values of α

AE = Total **Purchases** of
goods and services by
Consumers, Firms,
Government and other
countries...



AE = Total Purchases of goods and services



Prices do not
appear anywhere in
this diagram







Q

















V





U























6

S



U





















6

















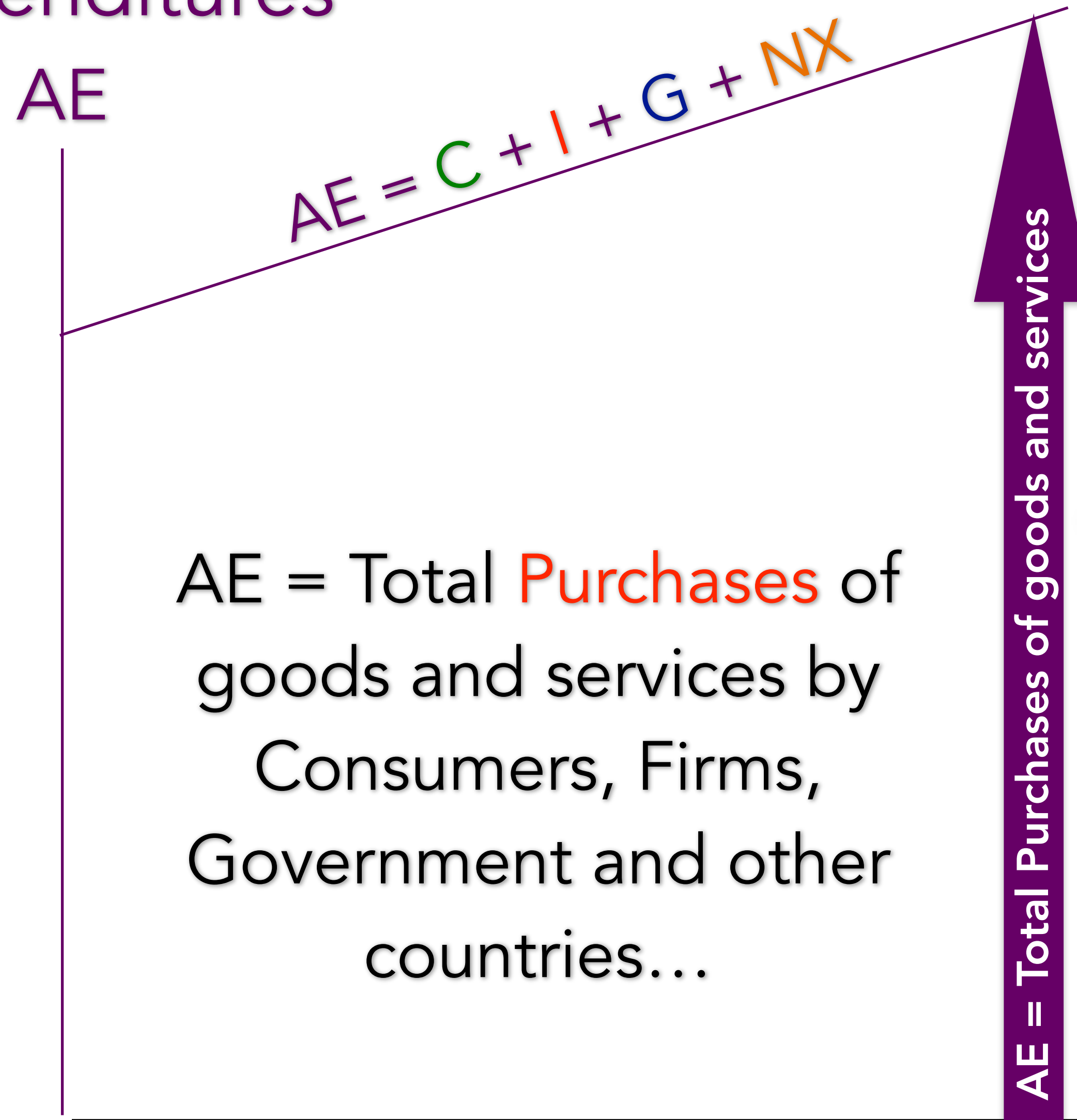




AD

$$AE = C + I + G + NX$$

Aggregate Expenditures



For **different** values of **Income**, assuming
prices are constant

AD

Aggregate Demand

