





AE

Total
Production



Total Production (Y)

AE



AE = C + I + G + X - N

Total Production (Y)

[REDACTED]

[REDACTED]

If
Spending Leakages
are equal to
Spending Injections

Inventories
Decrease

Production

AE

Production

Spending
Injections

$I+G+X$

larger than

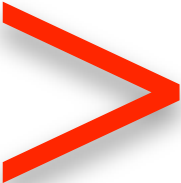
Spending
Leakages

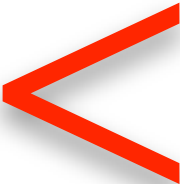
$S+T+M$

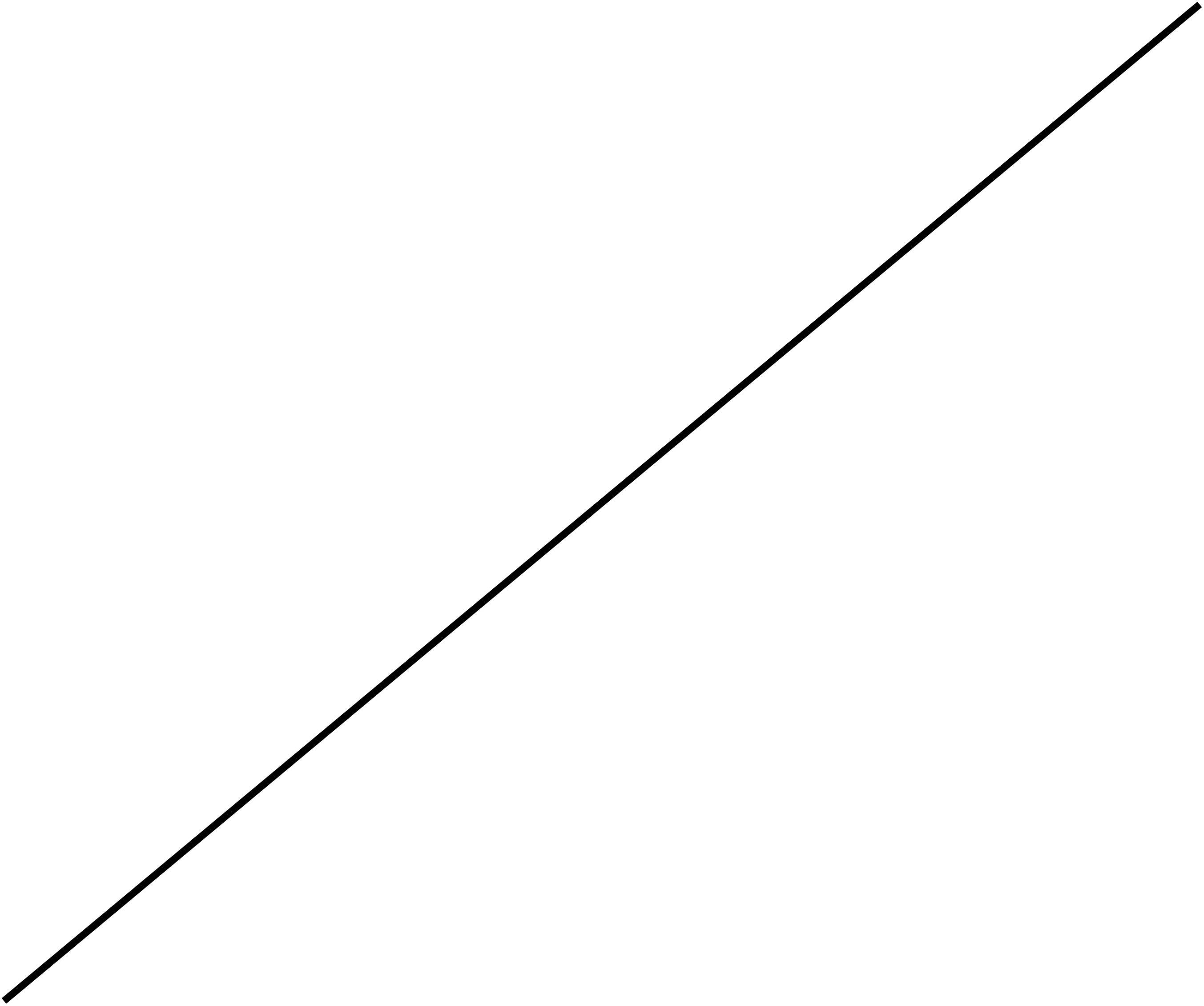
Spending
Leakages
 $S+T+M$

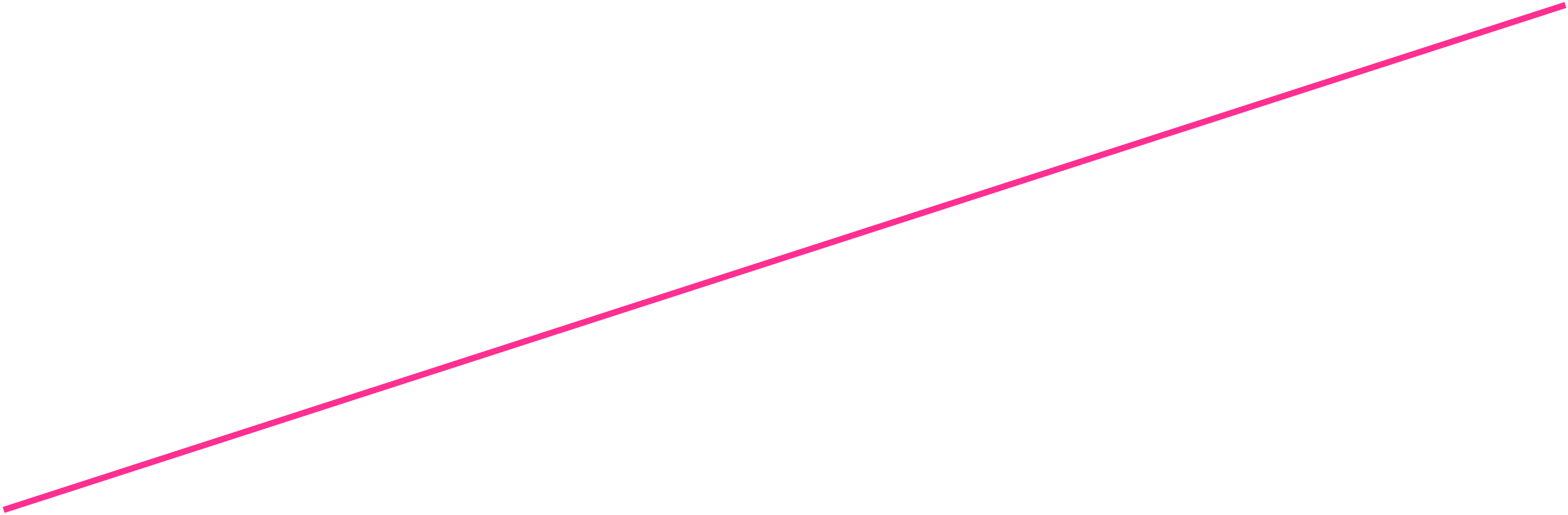
larger than
Spending
Injections
 $I+G+X$

Aggregate Expenditures











Aggregate
Expenditures

=

Production



Too much spending



Too little spending

Inventories
Increase

More Income Leaves
than is injected back

Less Income leaves
than it's injected back

Less Income leaves
than it's injected back

Spending
Injections
 $I+G+X$

larger than
Spending
Leakages
 $S+T+M$

Production

Inventories
Increase

Too much spending

Inventories
Decrease

Production

Too little spending

Spending
Leakages
 $S+T+M$

larger than
Spending
Injections
 $I+G+X$

More Income Leaves
than is injected back

$$AE = C + I + G + X - M < \text{Total Production (Y)}$$

