

4

5

AE 

AE1

The Spending Multiplier



Y

O

Y

1

=

Y

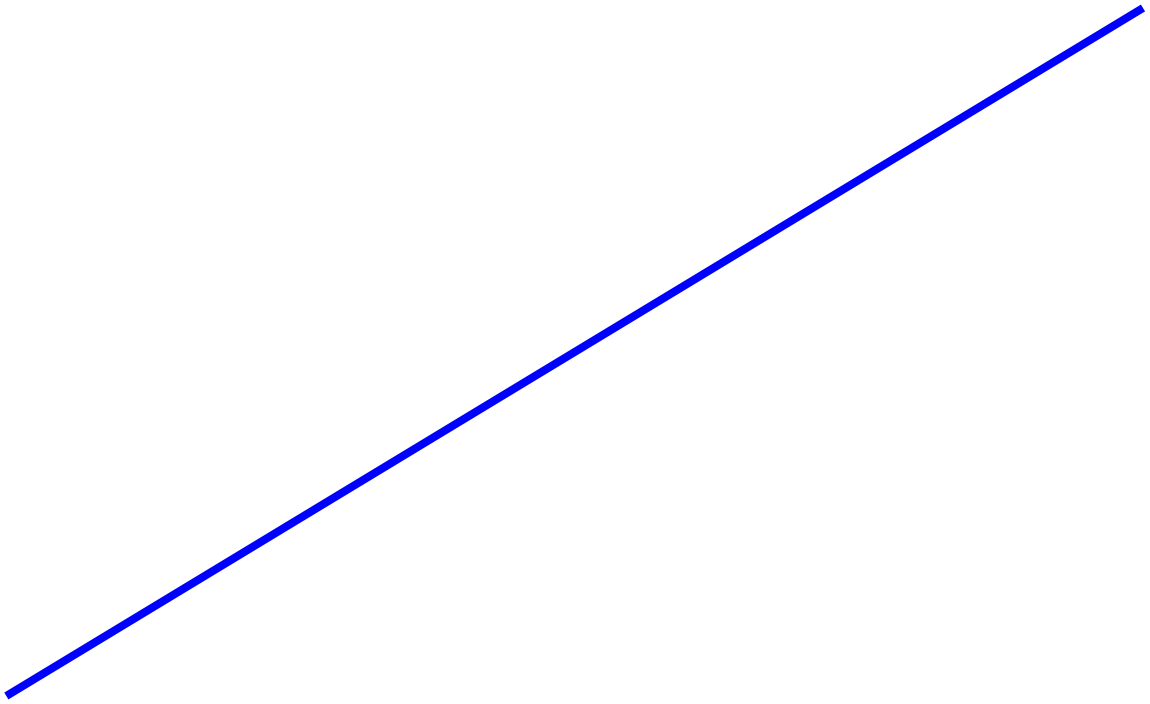
0

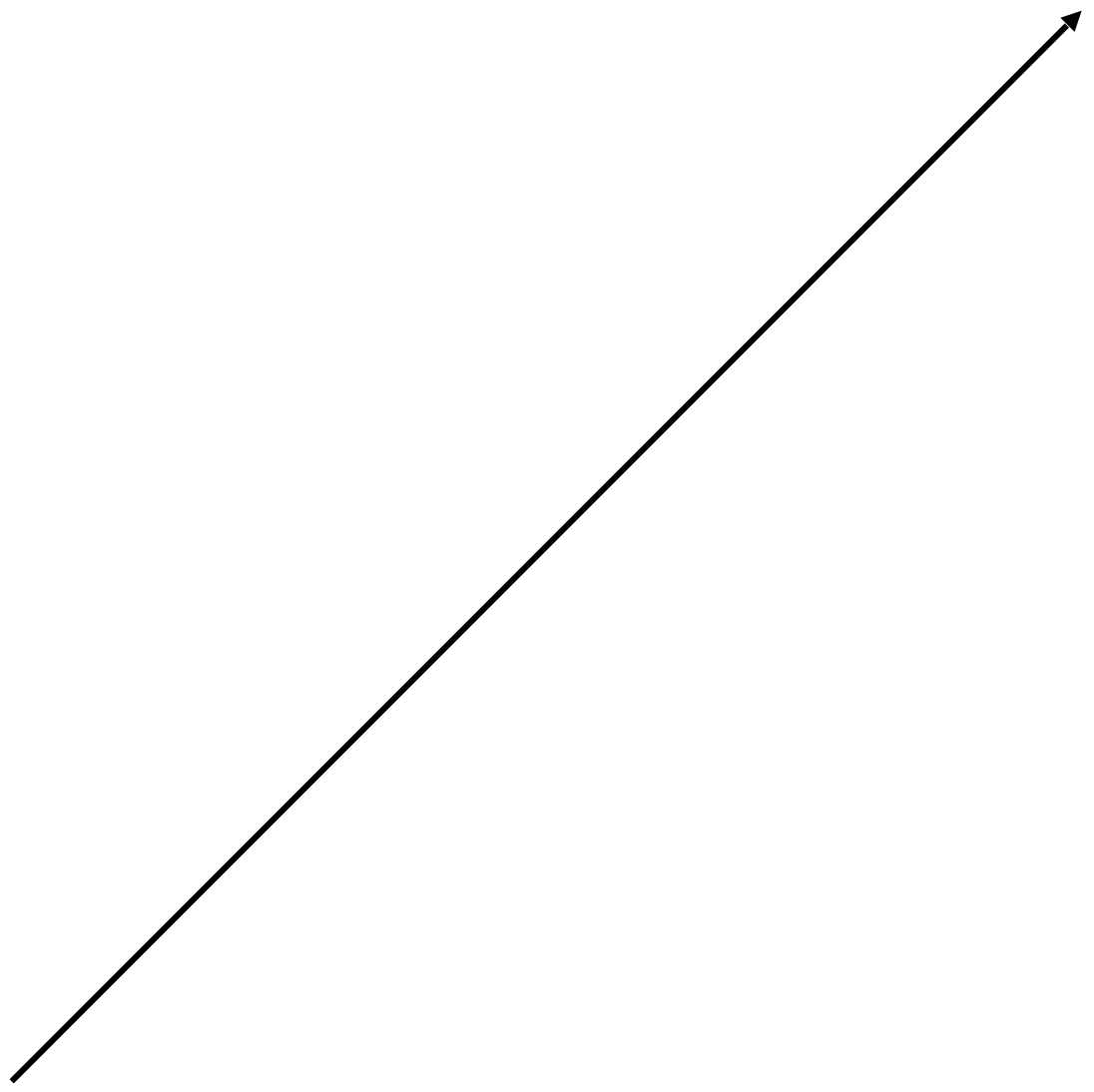
+

△

Y









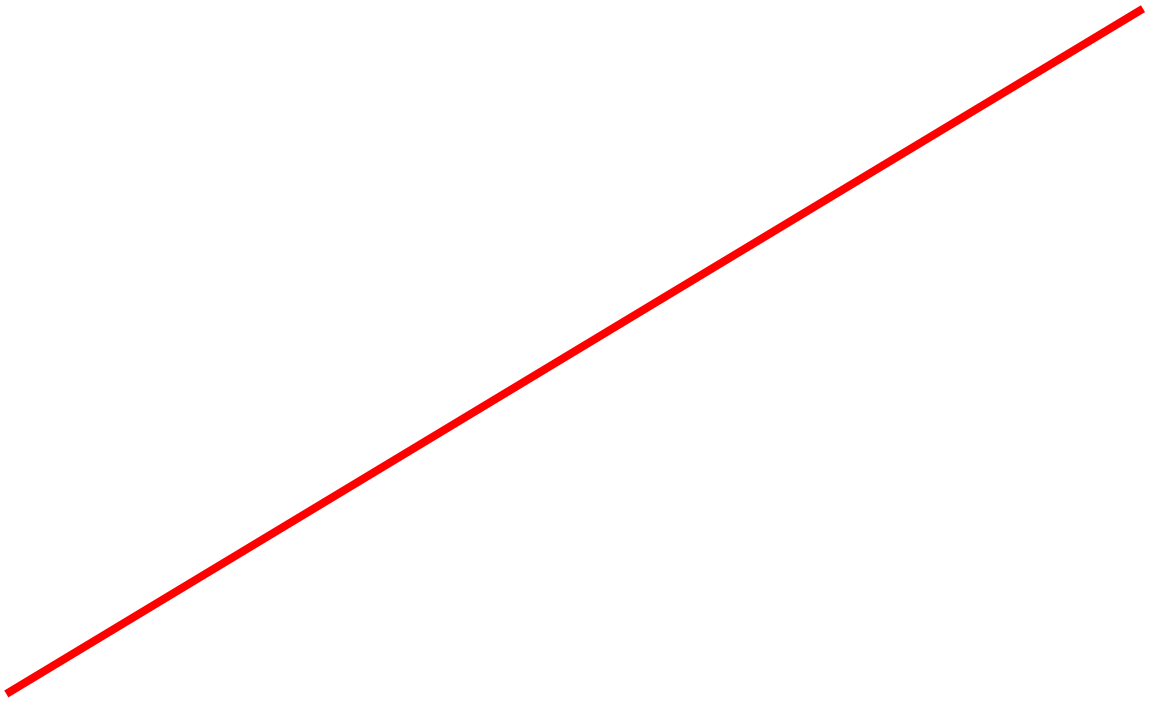


AEO = YO

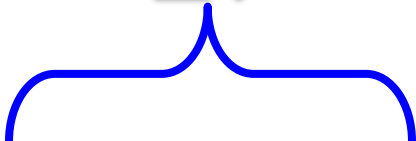
$$AE_1 = Y_1 - - - - -$$

WAVE





ΔY



=

Δ

G



Δa

ΔNX

$$\left(\frac{1}{1 - \text{MPC}} \right)$$











An increase in
Investment has
the same
multiplier effect

An increase in
consumption has
the same
multiplier effect

An increase in net
exports has the same
multiplier effect





a



Δ

ANX

X



The Spending Multiplier

An increase in **net exports** has the **same** multiplier effect

