For *any* change in a and *any* MPC

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

$$\Delta Spending =$$

−100

$$\left(\frac{1}{1-0.9} \right)$$

$$\Delta Spending =$$

$$\Delta Y = \Delta a$$

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

Someone's drop in spending is someone else's loss of income

$$\Delta Spending =$$
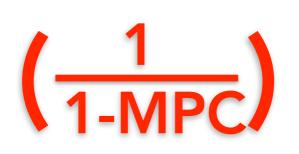
ΔIncome

$$\Delta Spending = -100 \left(\frac{1}{1-0.9} \right)$$

For *any* change in a and *any* MPC

$$\Delta Spending = \Delta a \left(\frac{1}{1-MPC} \right)$$

Someone's drop in spending is someone else's loss of income

$$\Delta Spending = \Delta Income$$

$$\Delta Y = \Delta a \left(\frac{1}{1-MPC} \right)$$

The Spending Multiplier