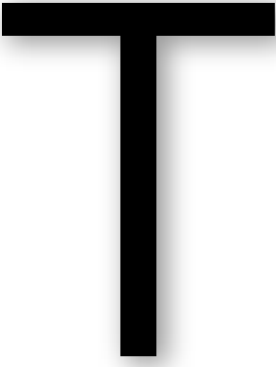

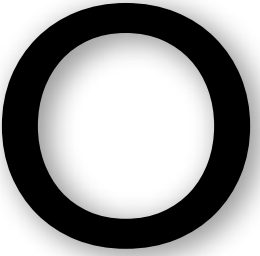

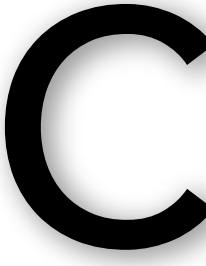

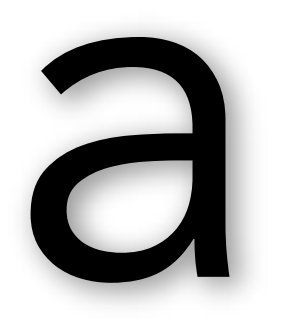
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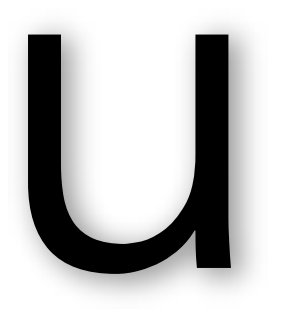

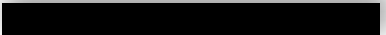

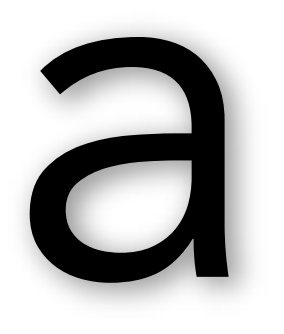
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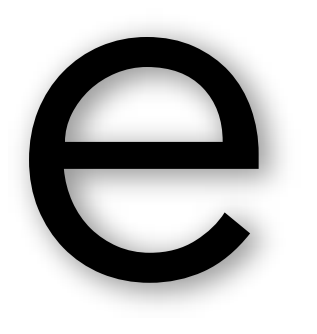

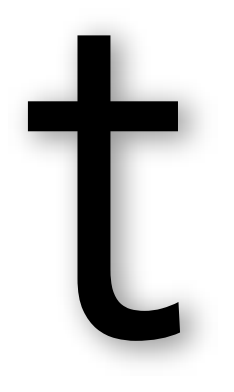

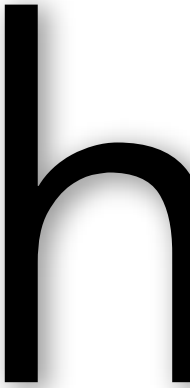

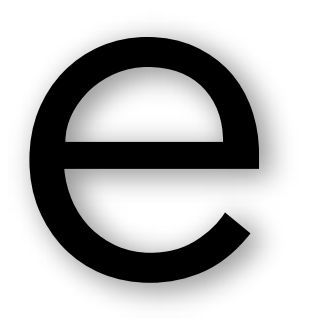

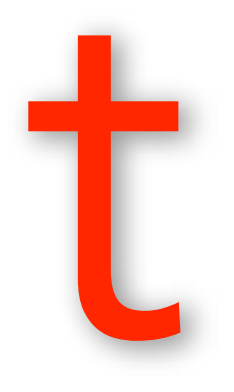

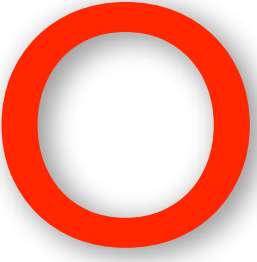

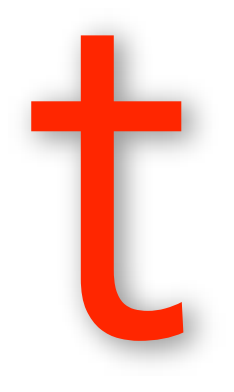
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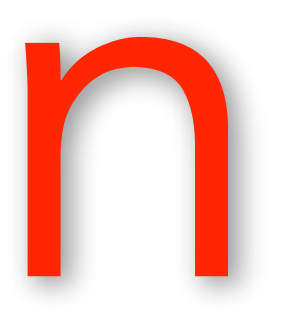

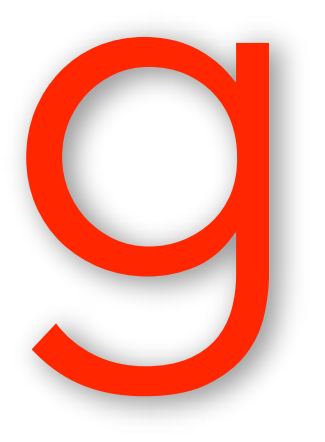
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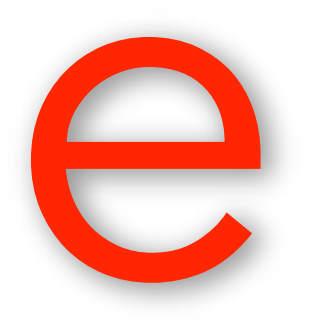

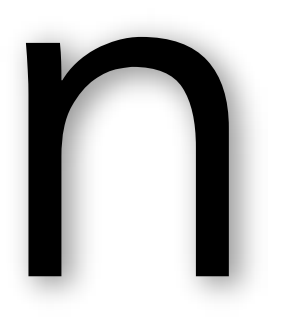

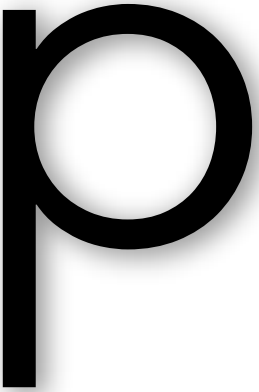

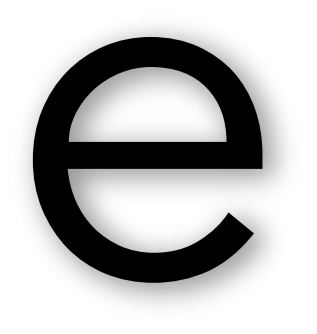

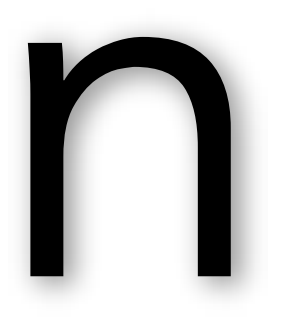

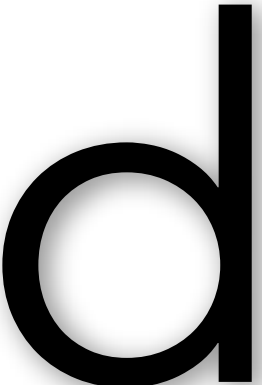

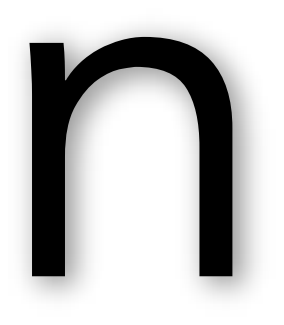

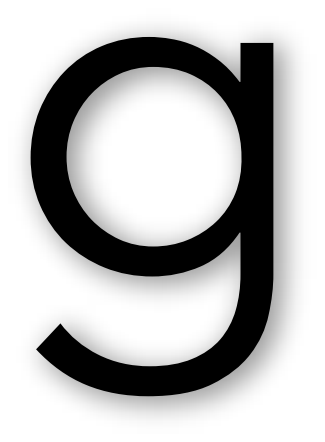

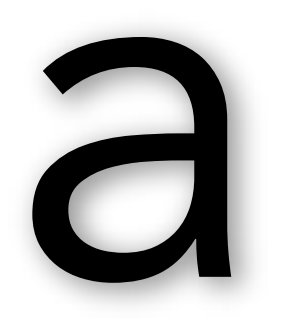
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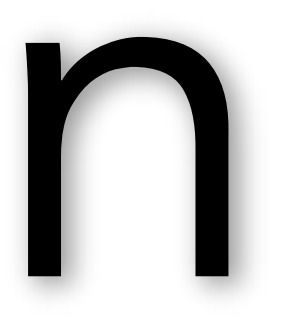

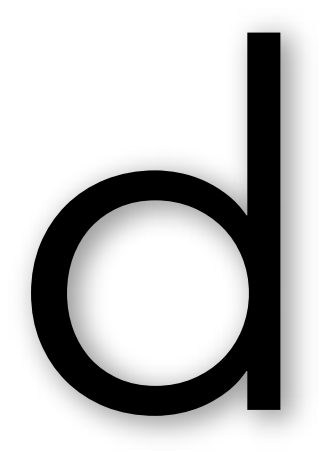

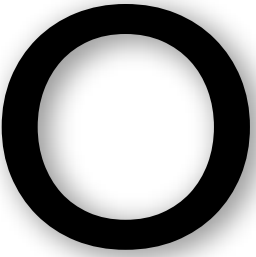

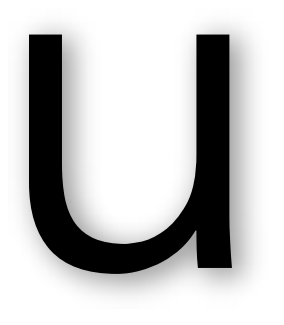

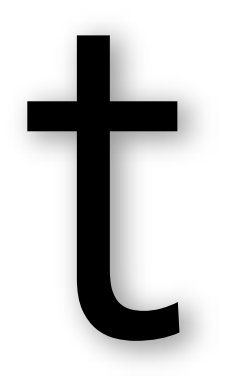

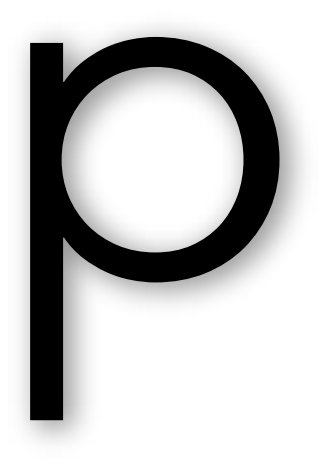

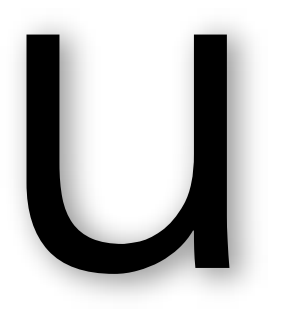

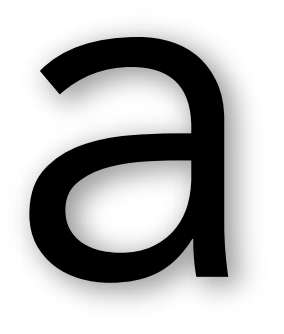
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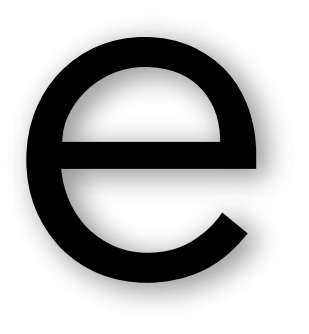

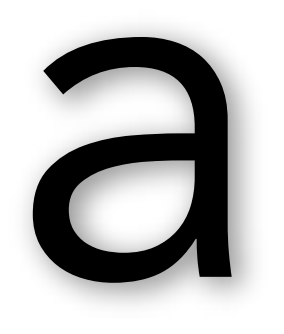
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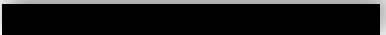

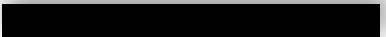

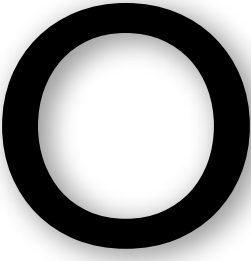

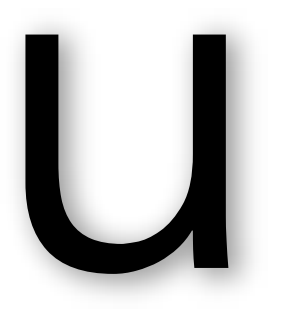

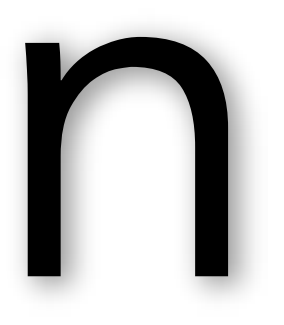

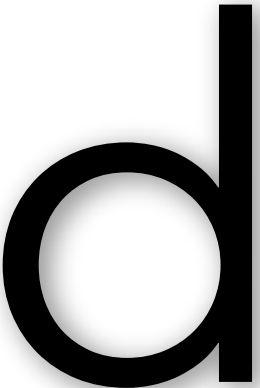

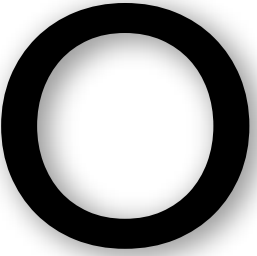

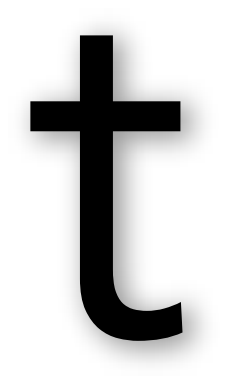

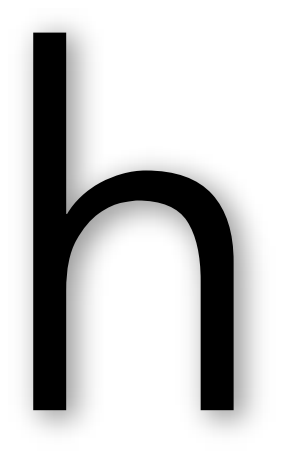

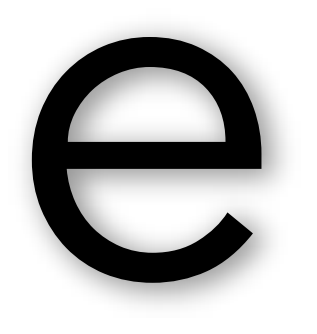

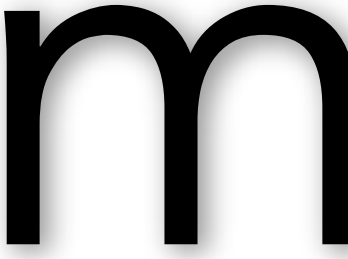

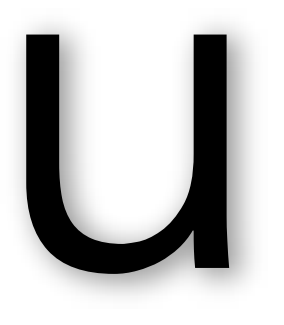

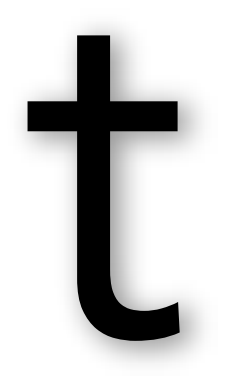

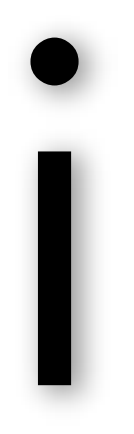

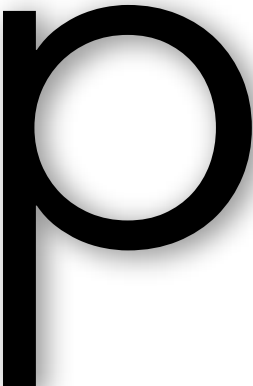

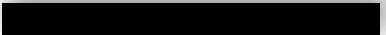

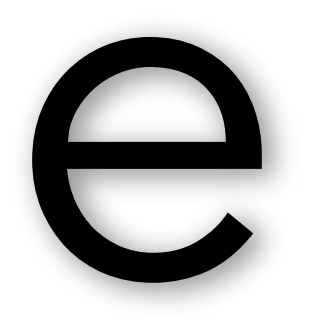

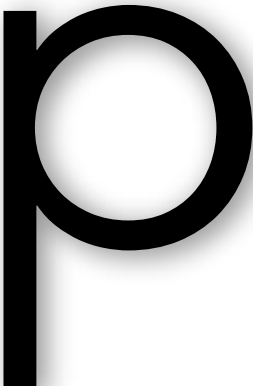

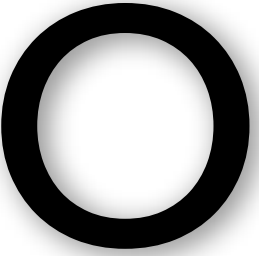

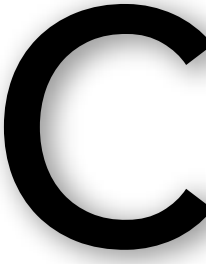

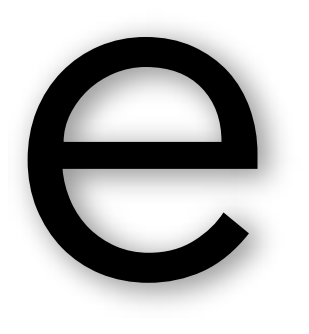
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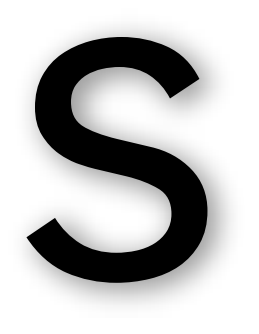
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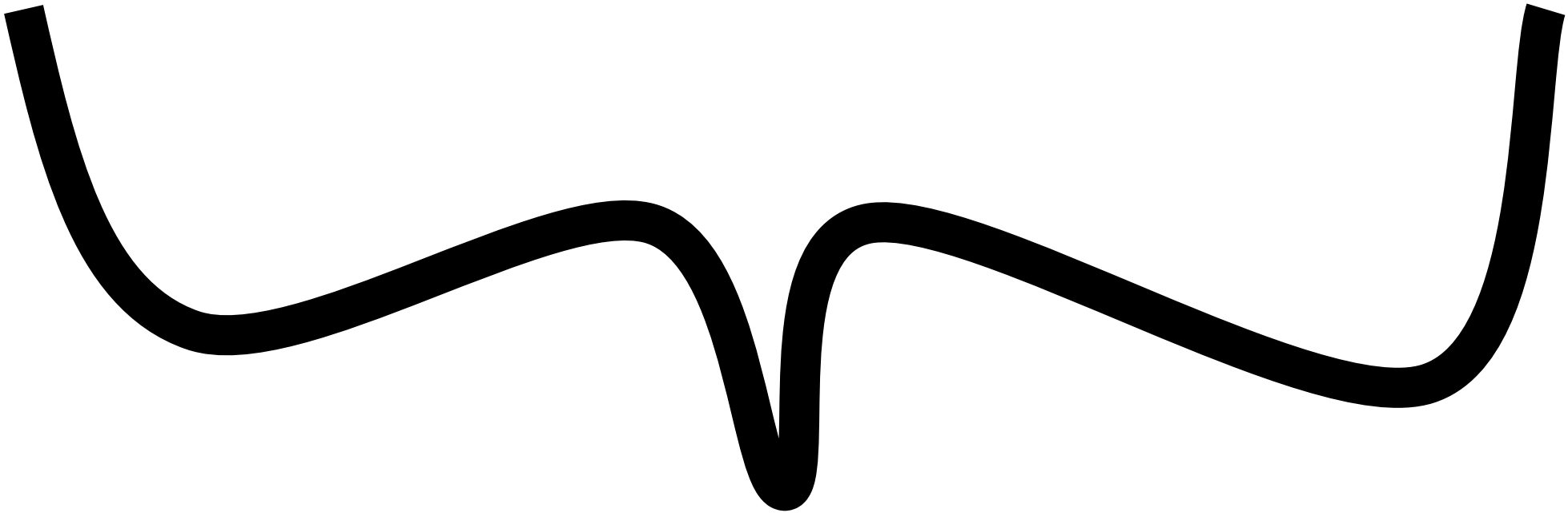
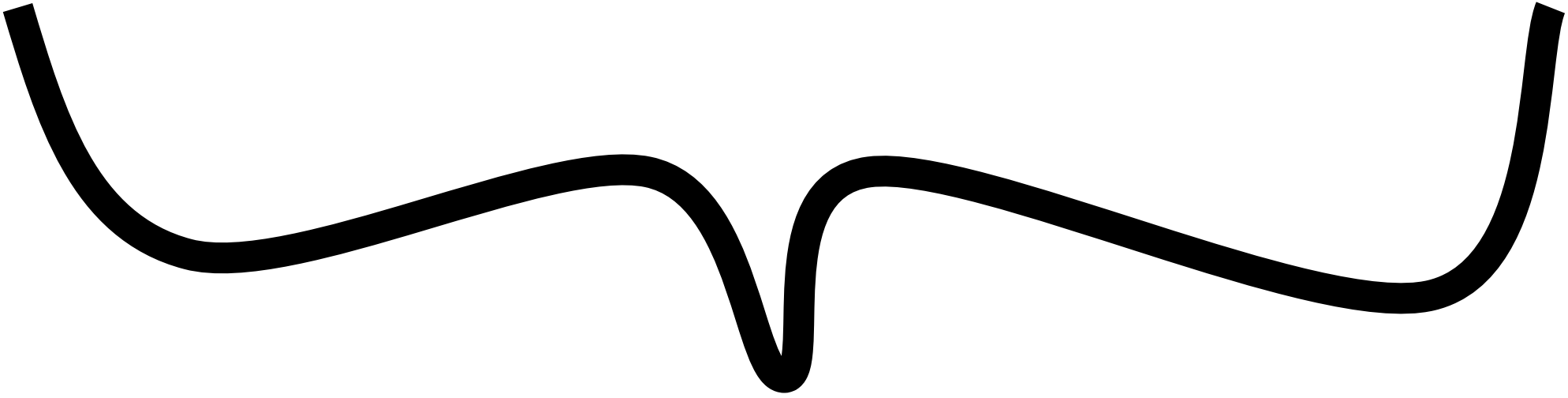
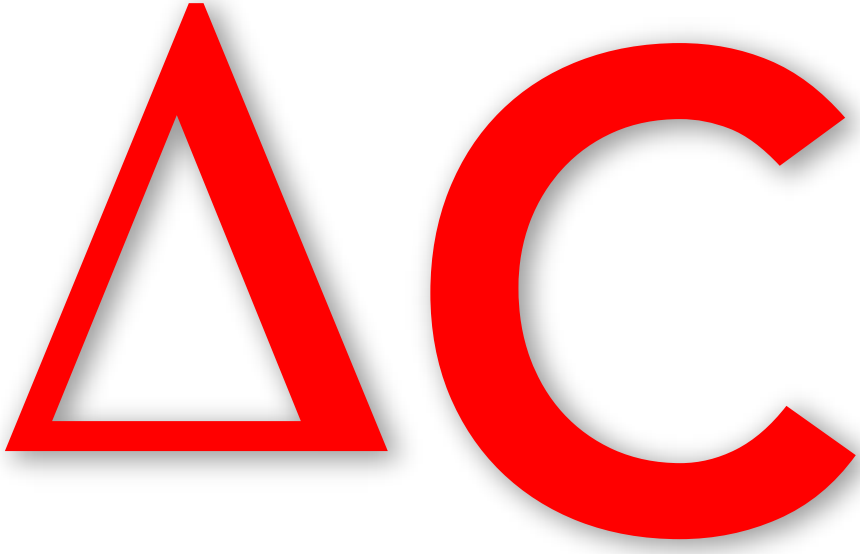
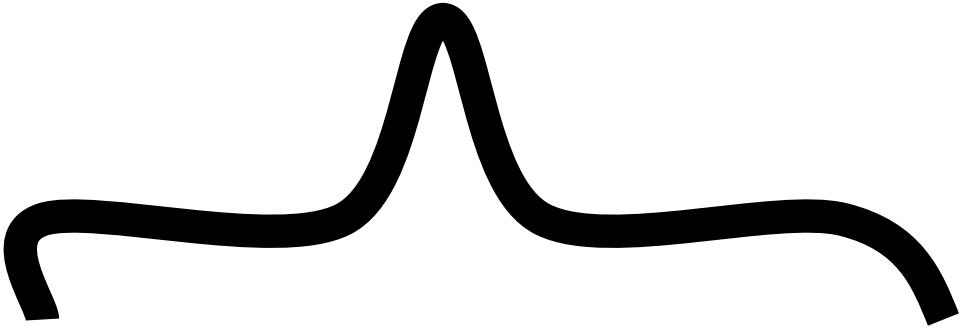


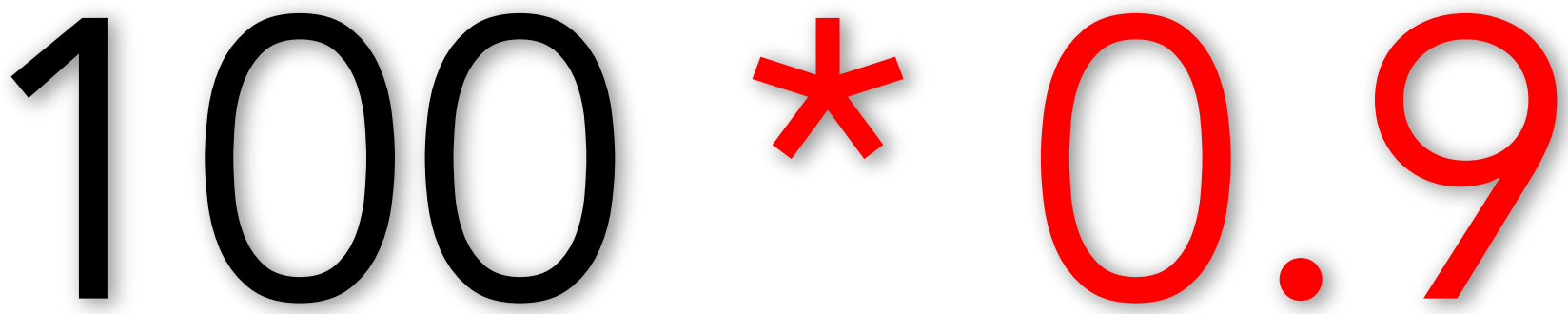



ΔC

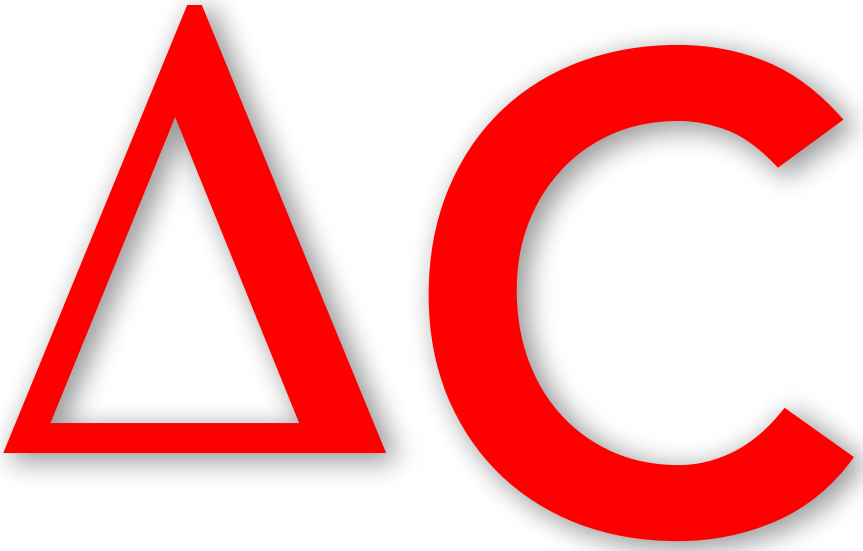


100

100

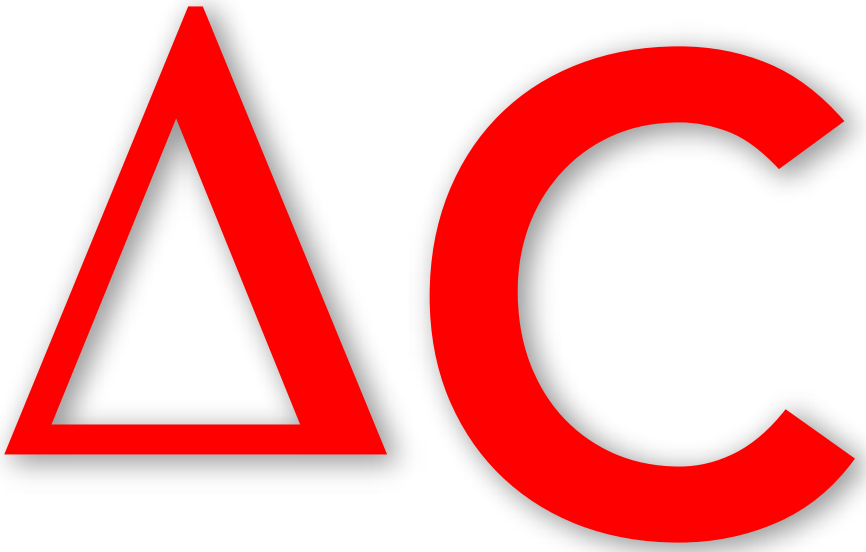

100 * 0.9

100 * 0.9


ΔC

100 * 0.9 *0.9

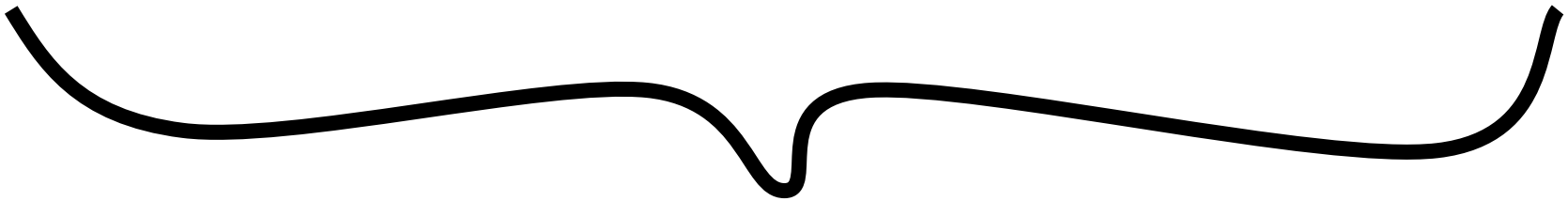
$$100 * 0.9 * 0.9 * 0.9$$

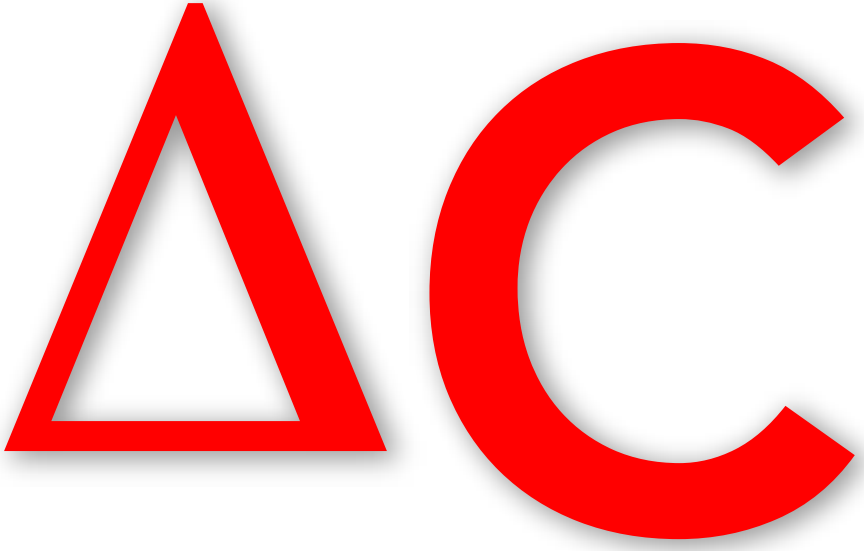


100 * 0.9 *0.9 *0.9

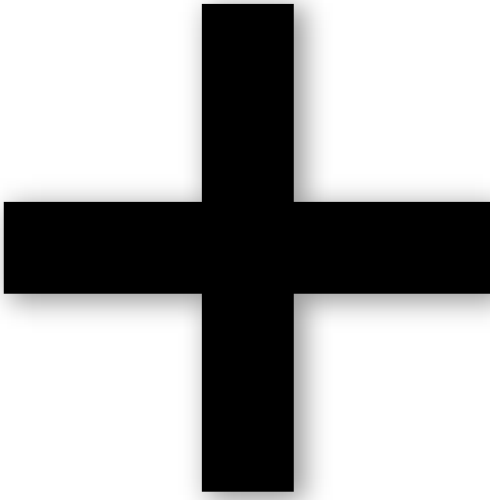
100 * 0.9 *0.9

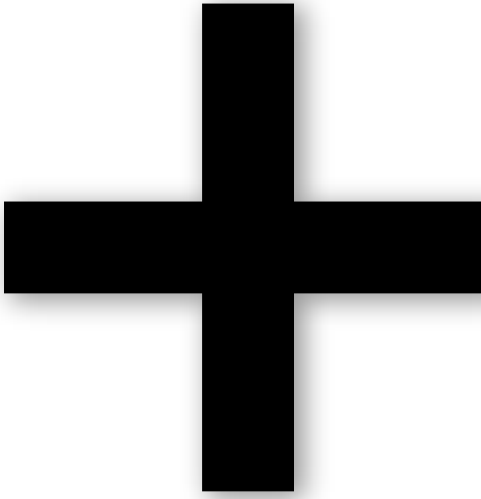
100 * 0.9 *0.9 *0.9 *0.9

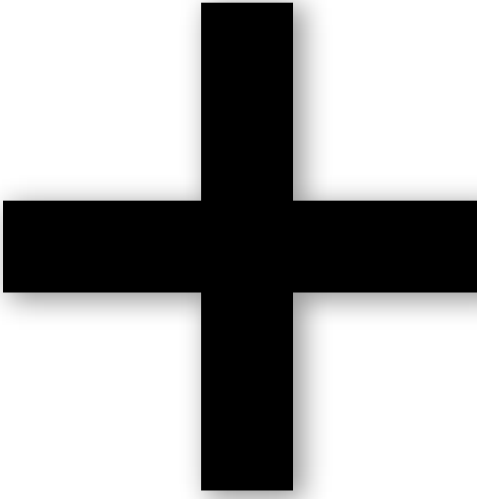


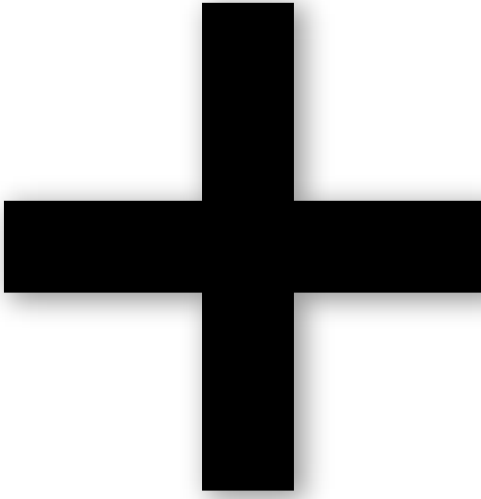

ΔC

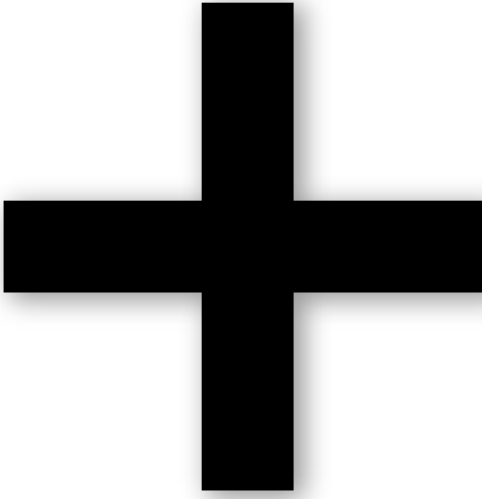
and so on...

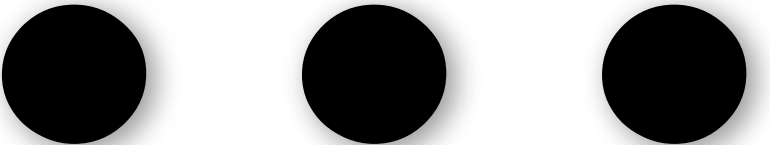


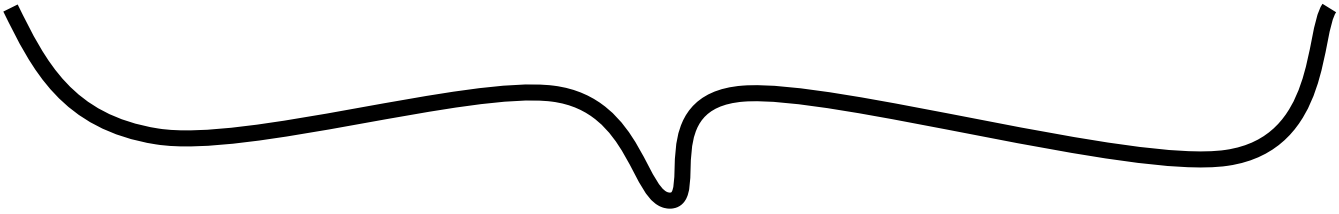


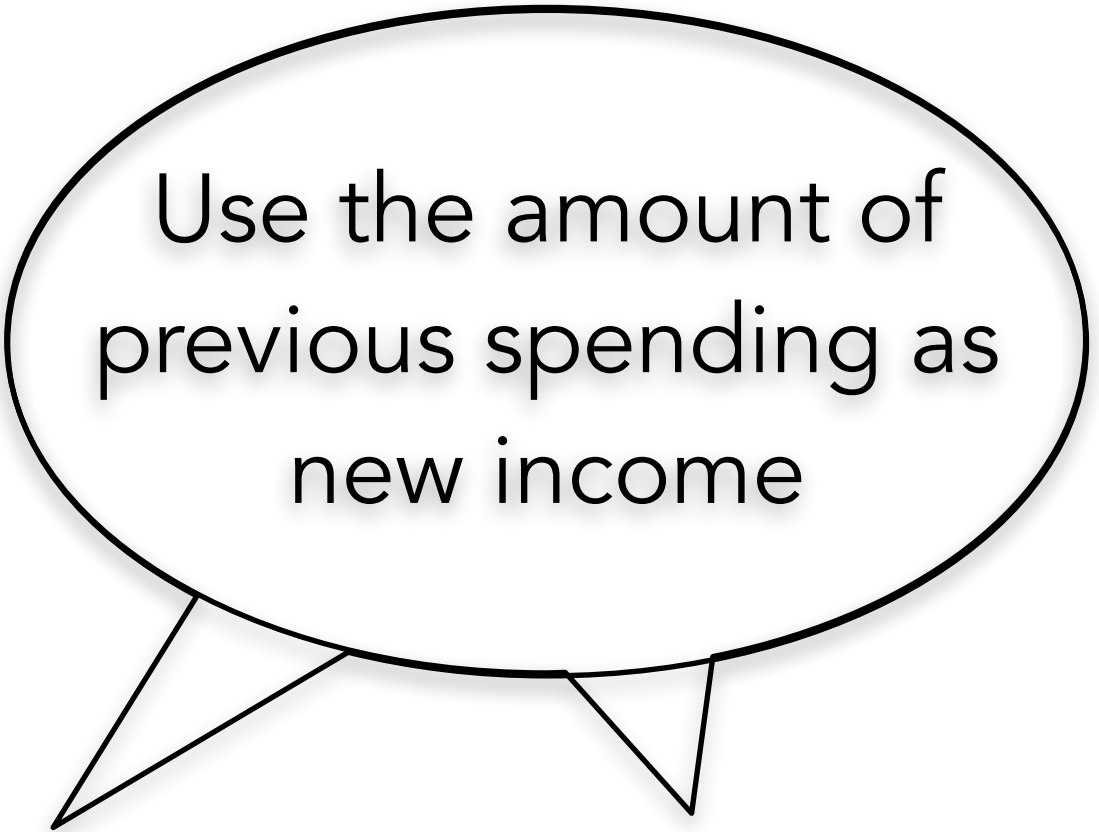


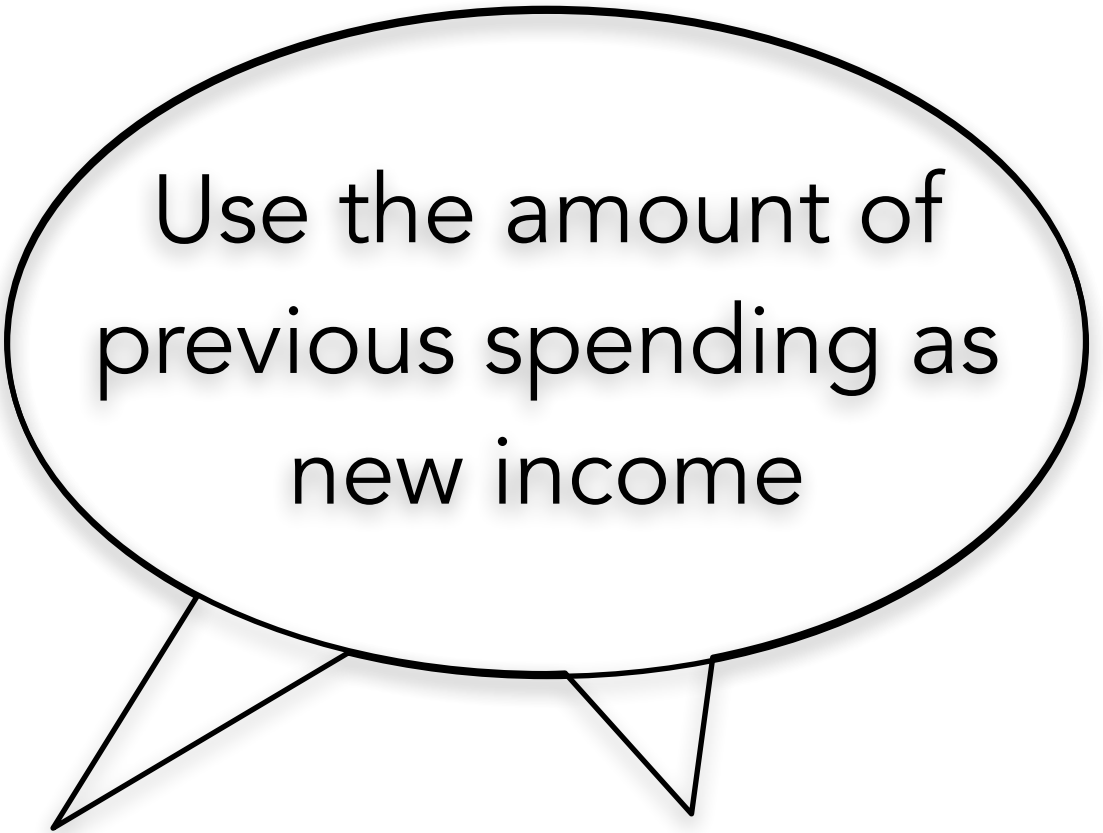









Use the amount of previous spending as new income


Use the amount of previous spending as new income

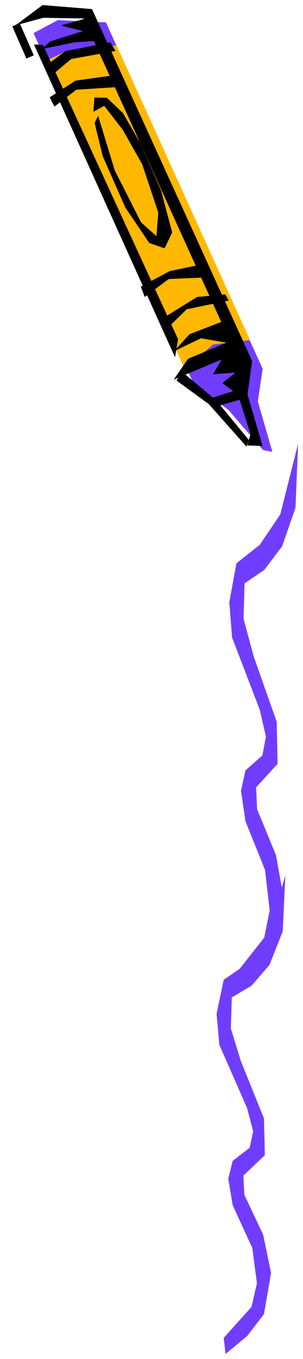
Previous
spending is the
new income

To calculate the total change in spending and output after all rounds of the multiplier process:

$$\underbrace{100}_{\Delta G} + \underbrace{100 * 0.9}_{\Delta C} + \underbrace{100 * 0.9 * 0.9}_{\Delta C}$$

$$+ \underbrace{100 * 0.9 * 0.9 * 0.9}_{\Delta C} + \underbrace{100 * 0.9 * 0.9 * 0.9 * 0.9}_{\Delta C}$$

and so on… $+ \ldots$



$$100 + 100 * 0.9 + 100 * 0.9 * 0.9$$

$$100 * 0.9 * 0.9 * 0.9 + 100 * 0.9 * 0.9 * 0.9 * 0.9$$

$$+ \ldots$$