

$\Delta a = 100$

Scared by pandemic consumers stop going to
restaurants, malls and games

XY

=

-

1000

Restaurants, malls and sports venues sell
less. Owners and workers lose income

$$\Delta C = -100 * 0.9 = -90$$

Business owners and workers who lose income
buy less goods, some can't pay rent

NY

=

-

90

Another round of business sell less, go bankrupt and fire workers

$$\Delta NC = -90 * 0.9 = -81$$

This new round of workers and owners who
lose income must cut consumption

AY

=

- 881

One person's spending cut is someone else's
income drop

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The chain of **lower** income and consumption continues for many rounds to **multiply the decrease in spending** originated by Consumers

$$\begin{array}{c}
 -\Delta Y \dots \\
 -\Delta C \\
 -\Delta Y \\
 -\Delta C
 \end{array}$$

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$$-\Delta C$$

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