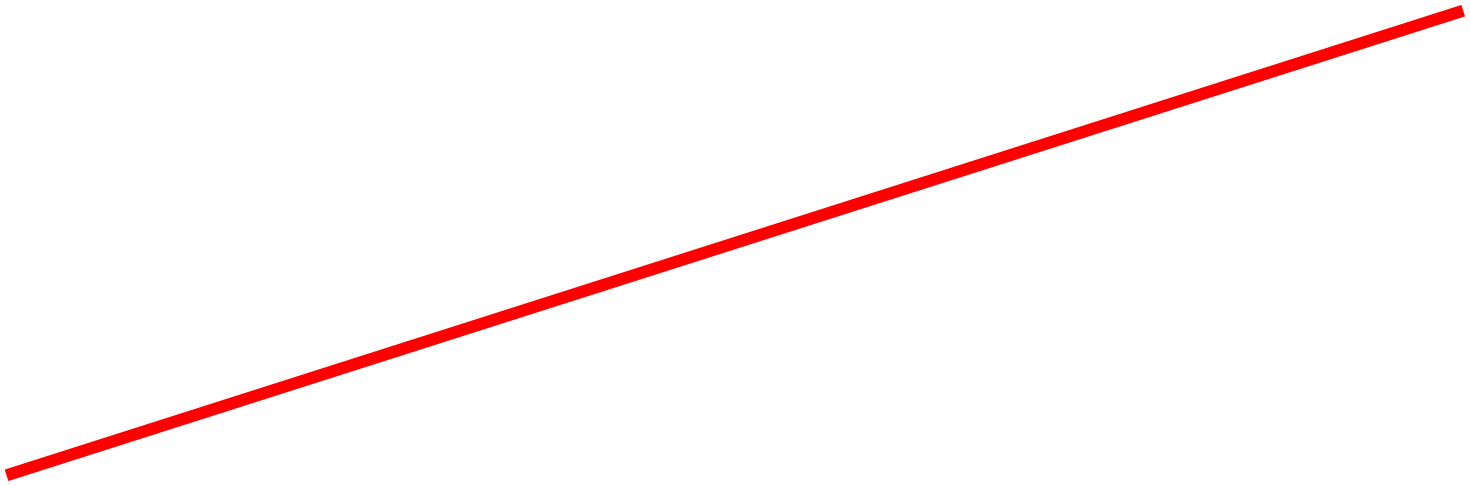


A

E





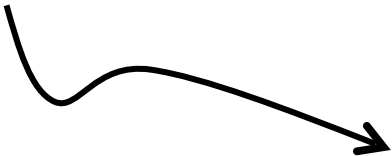




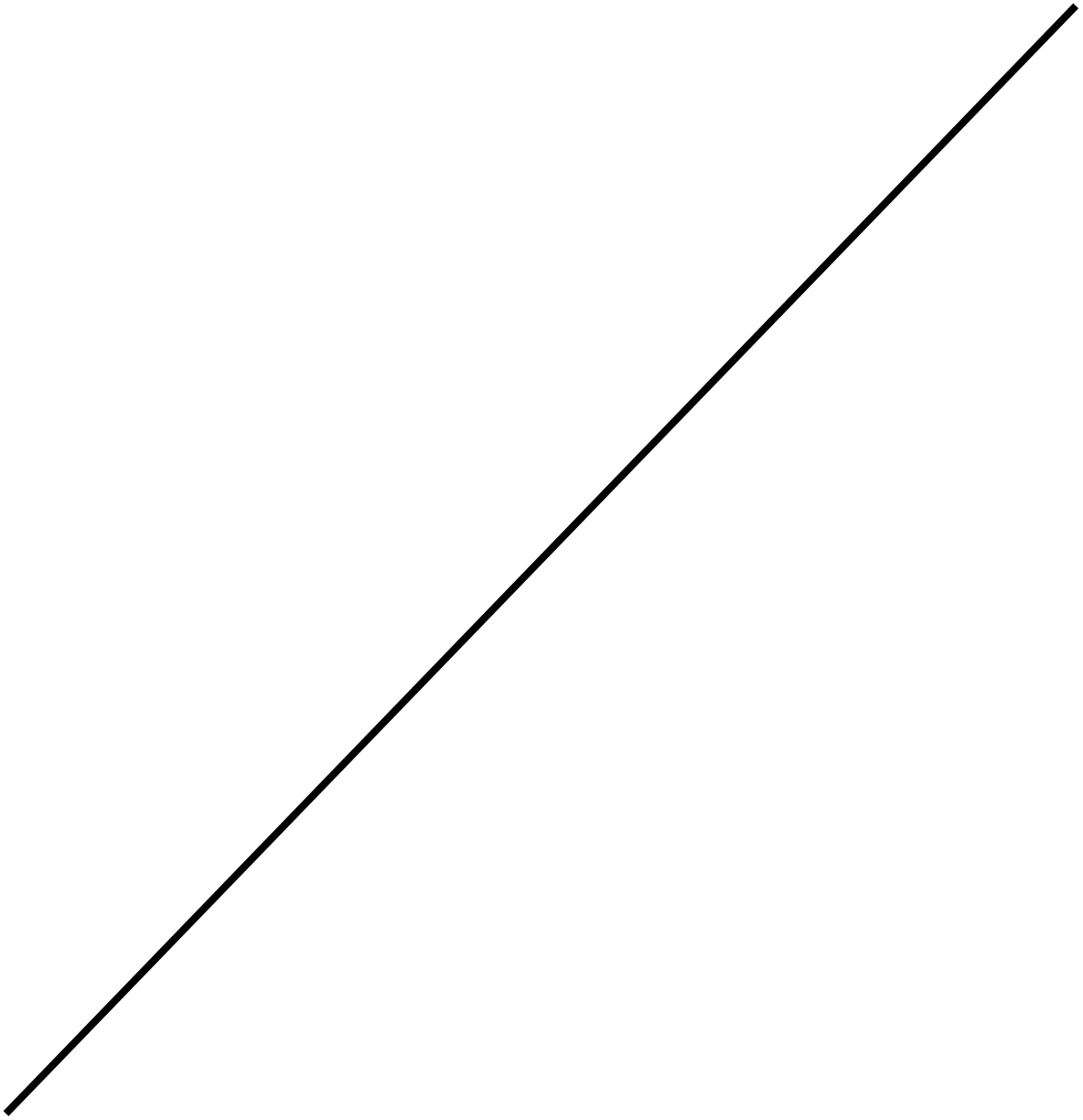


Lower  $Y^*$

Equilibrium







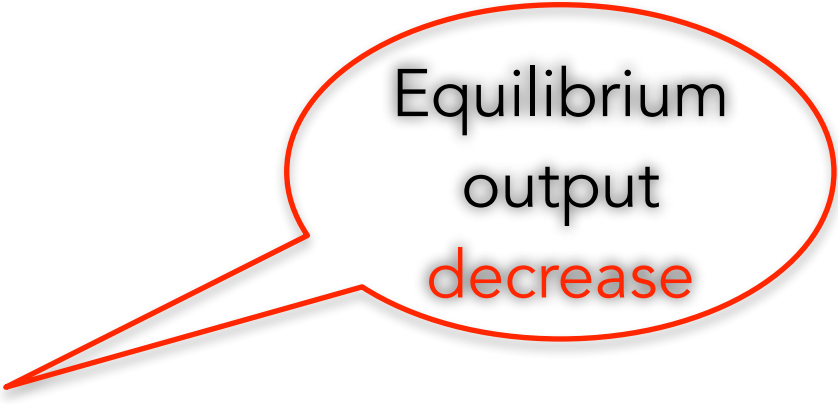






Firms  
decrease  
output





Equilibrium  
output  
decrease







AE.O


GDP/Income



Unemployment  
increase







Total  
Production

Total  
Purchases



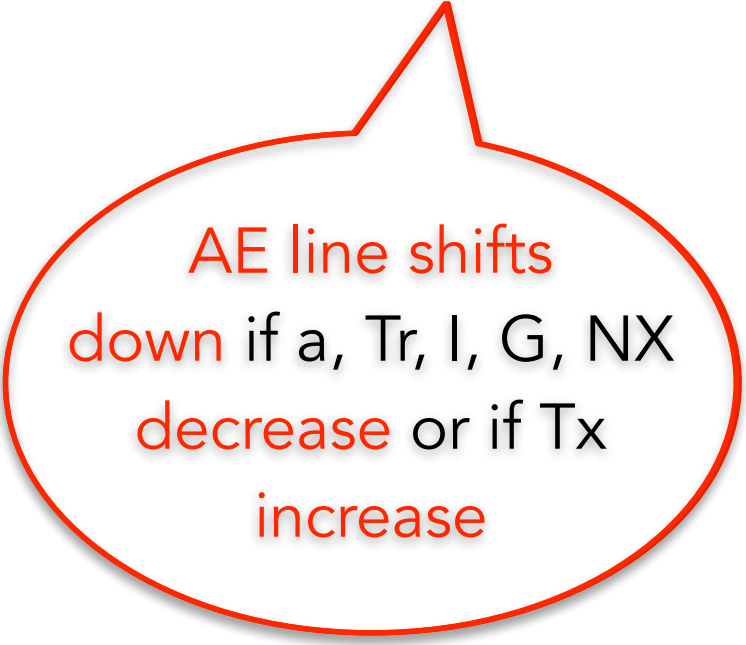
Inventories  
rise

AE<sub>1</sub>

Y



O



AE line shifts  
down if  $a$ ,  $Tr$ ,  $I$ ,  $G$ ,  $NX$   
decrease or if  $T_x$   
increase



