







AE

Total  
Production



Total Production ( $Y$ )

AE





AE = C + I + G + X - N

Total Production ( $Y$ )

[REDACTED]

[REDACTED]

If  
Spending Leakages  
are equal to  
Spending Injections

Inventories  
Decrease

Production

AE



Production

Spending  
Injections

$I+G+X$

**larger than**

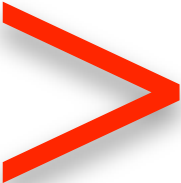
Spending  
Leakages

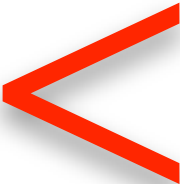
$S+T+M$

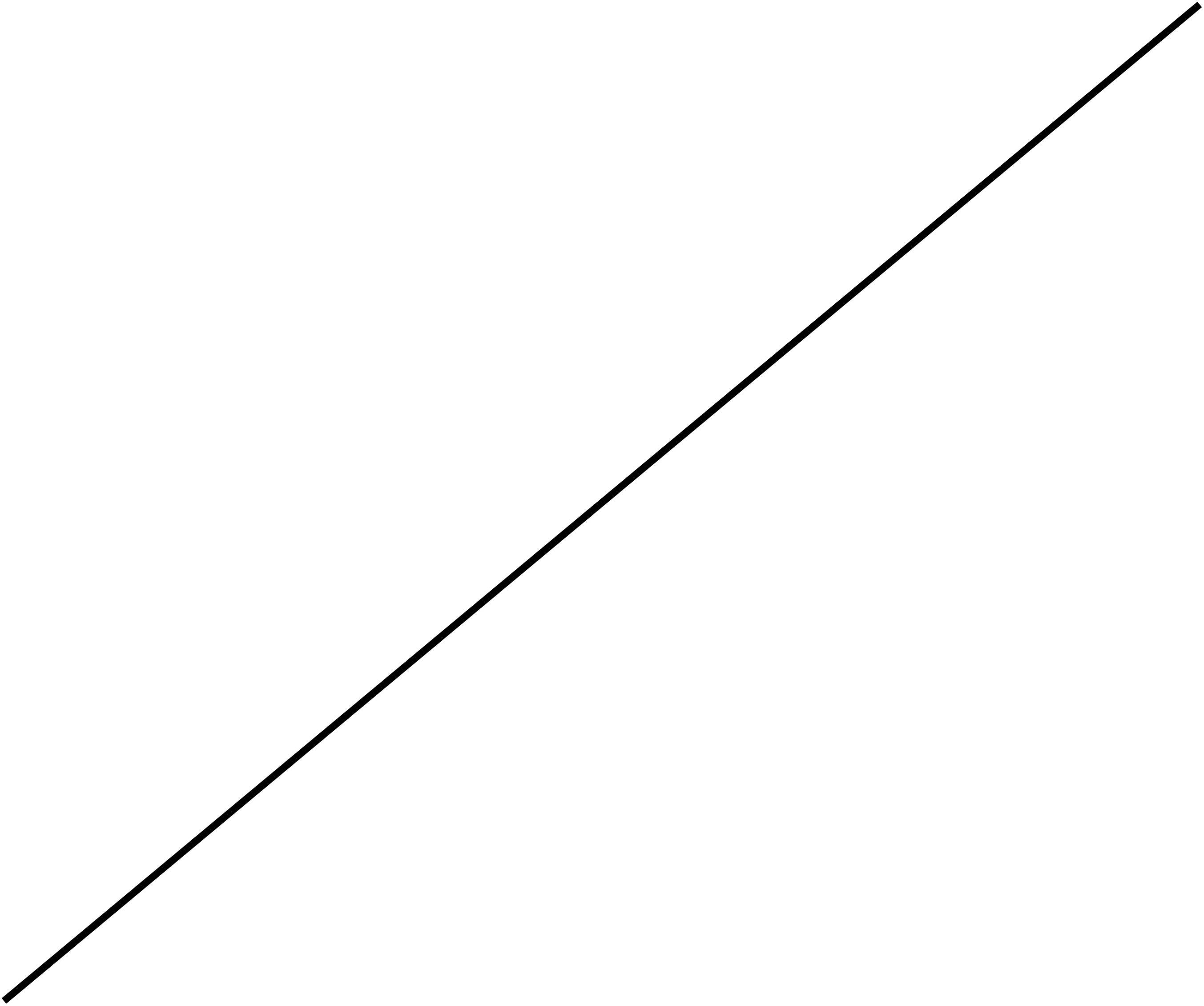
Spending  
Leakages  
 $S+T+M$

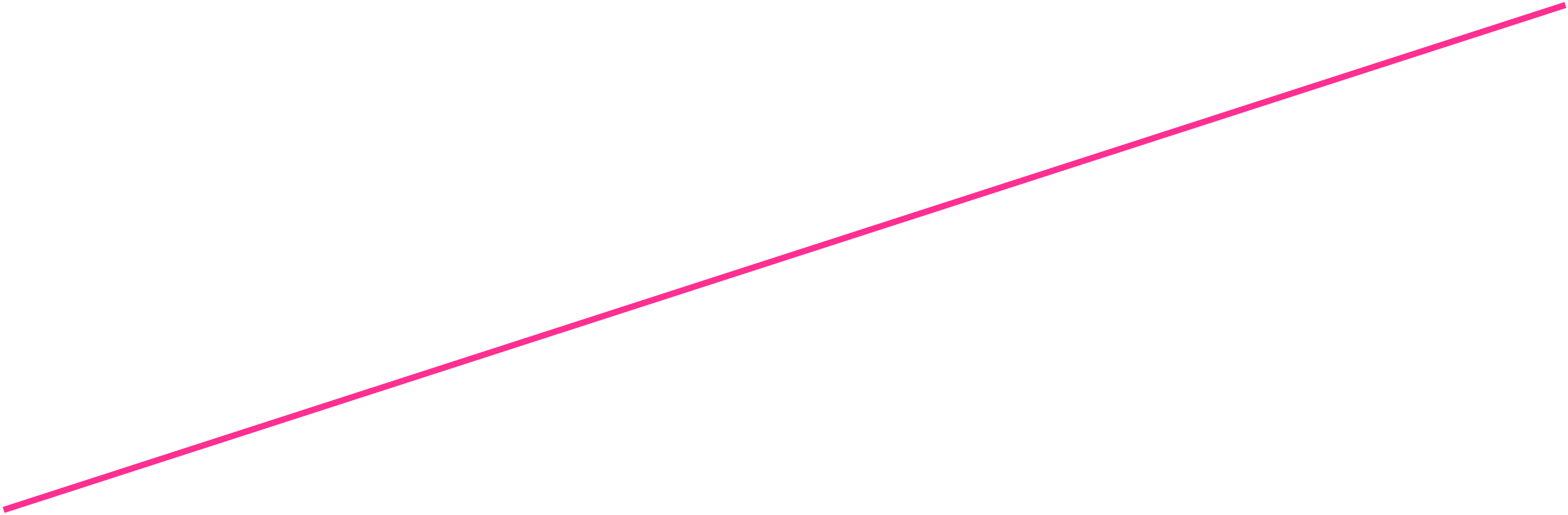
**larger than**  
Spending  
Injections  
 $I+G+X$

# Aggregate Expenditures













Aggregate  
Expenditures

=

Production



Too much spending



Too little spending

Inventories  
Increase

More Income Leaves  
than is injected back

Less Income leaves  
than it's injected back

Less Income leaves  
than it's injected back

Spending  
Injections  
 $I+G+X$

**larger** than  
Spending  
Leakages  
 $S+T+M$

Production

Inventories  
Increase

Too little spending

Too much spending

Inventories  
Decrease

Production

Spending  
Leakages  
 $S+T+M$

**larger** than  
Spending  
Injections  
 $I+G+X$

More Income Leaves  
than is injected back

$$AE = C + I + G + X - M < \text{Total Production (Y)}$$



