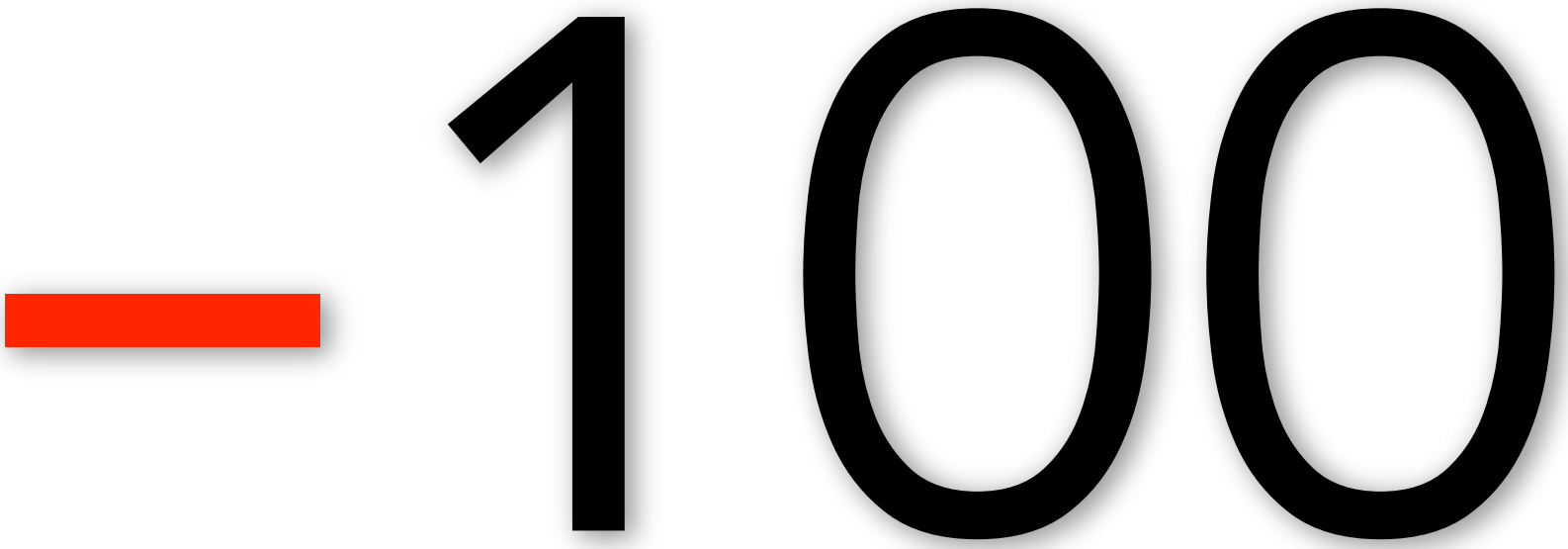
For *any* change in a and *any* MPC


1
1-MPC

ΔSpending=


−100


1
1-0.9

ΔSpending=

$$\Delta Y = \Delta a$$


1
1-MPC

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

ΔSpending=


ΔIncome

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

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

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

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

$$\Delta \text{Spending} = \Delta \text{Income}$$

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

The Spending Multiplier