

$\Delta G = \Delta T = +70$ simultaneous Increase

$$\Delta Y = \Delta G = \Delta T = +70$$

AC

=

zero

change in Consumption

change in Deficit

Δ Deficit \equiv **Zero**

Balance Budget Multiplier

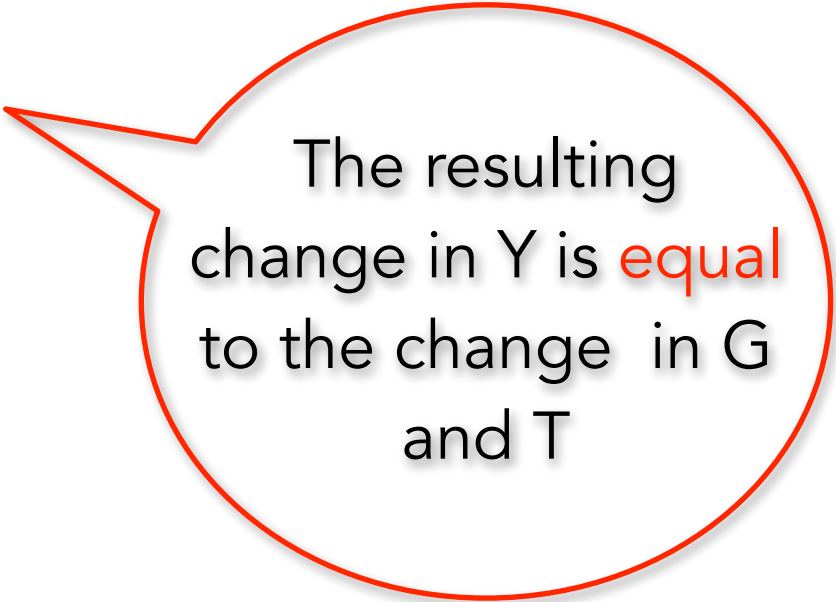
Change in Equilibrium GDP

=

1



This is a
“balanced budget”
change in taxes and
Spending

A red speech bubble with a white background and a drop shadow. The bubble has a tail pointing towards the top-left corner.

The resulting
change in Y is **equal**
to the change in G
and T

A black-outlined speech bubble with a tail pointing towards the top right. Inside the bubble, the text "There is NO multiplier effect" is centered. The word "NO" is in red, while the other words are in black.

There is
NO multiplier
effect

$\Delta G = \Delta T = +70$ simultaneous Increase

Change in Equilibrium GDP

$$\Delta Y = \Delta G = \Delta T = +70$$

Balance Budget Multiplier

$$= 1$$

There is
NO multiplier
effect

Change in Consumption

$$\Delta C = \text{Zero}$$

Change in Deficit

$$\Delta \text{Deficit} = \text{Zero}$$

The resulting
change in Y is **equal**
to the change in G
and T