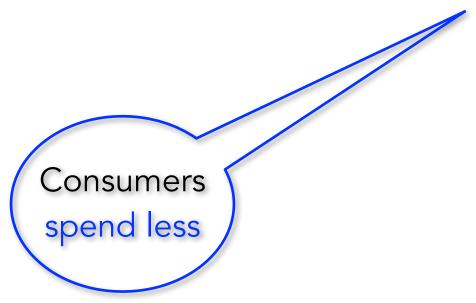
Can the Government close a recessionary gap without increasing the budget deficit?



To avoid increasing the deficit, the government must increase taxes if it wants to increase spending



Would the effects cancel each other?

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To avoid increasing the deficit, the government must increase taxes if it wants to increase spending

Consumers spend less

Would the effects cancel each other?

Government spend more