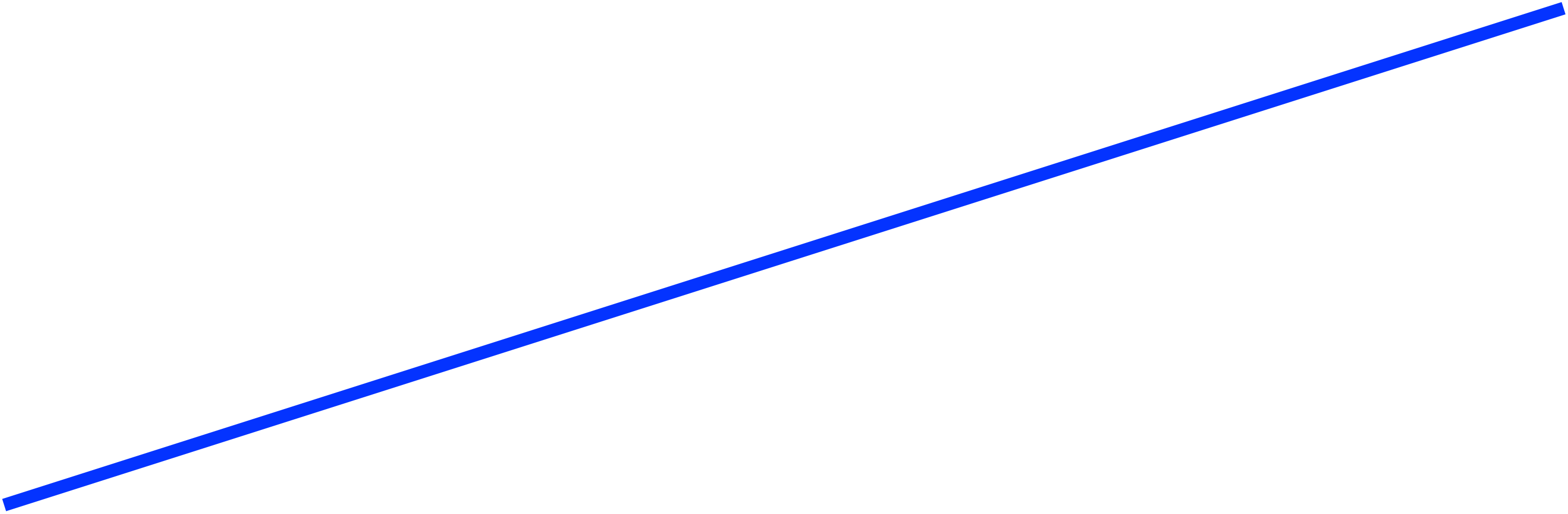


A

E





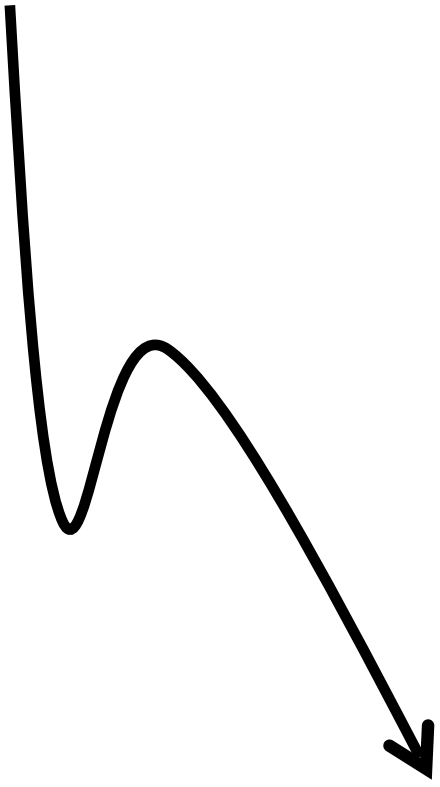


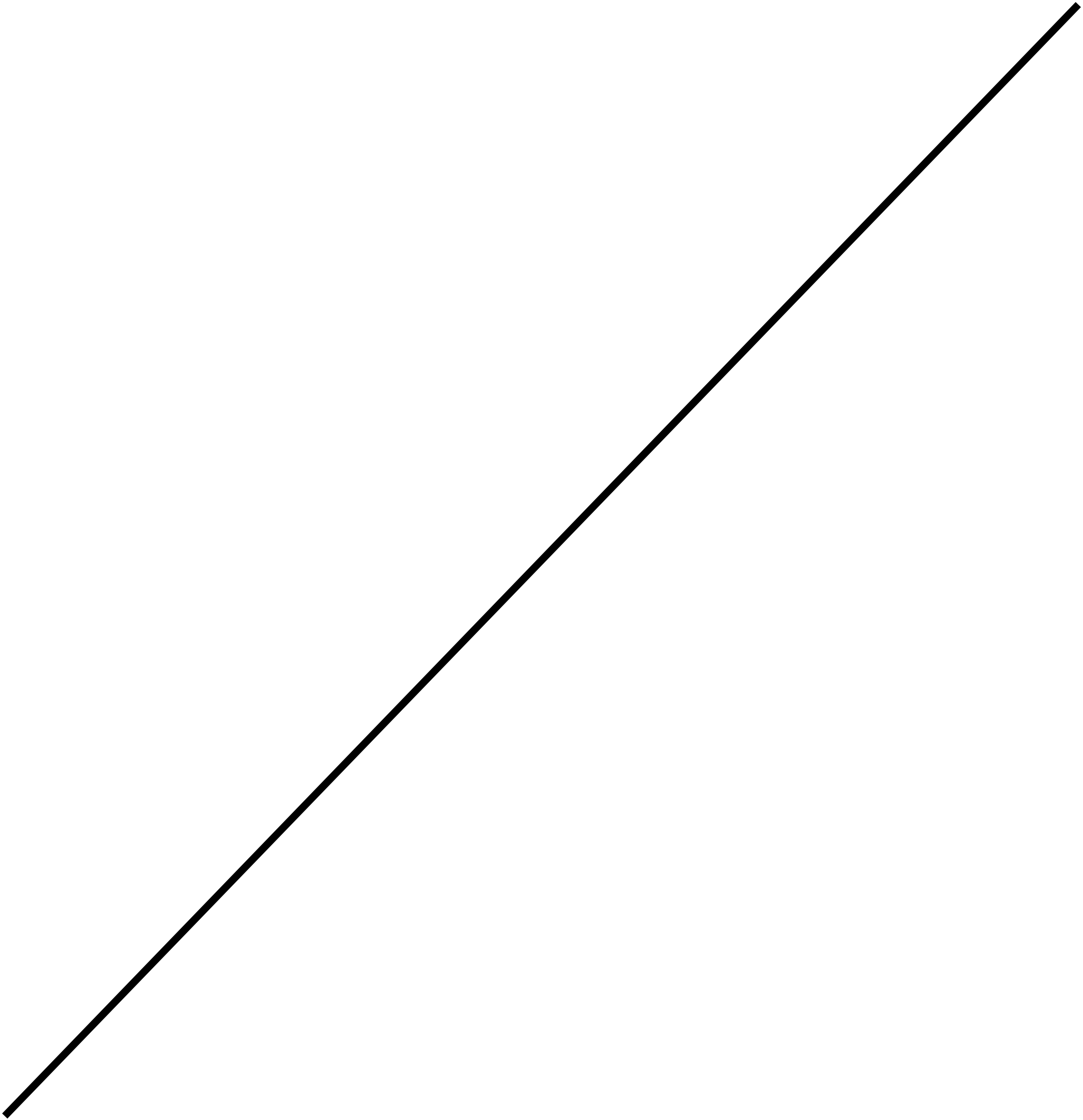


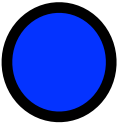


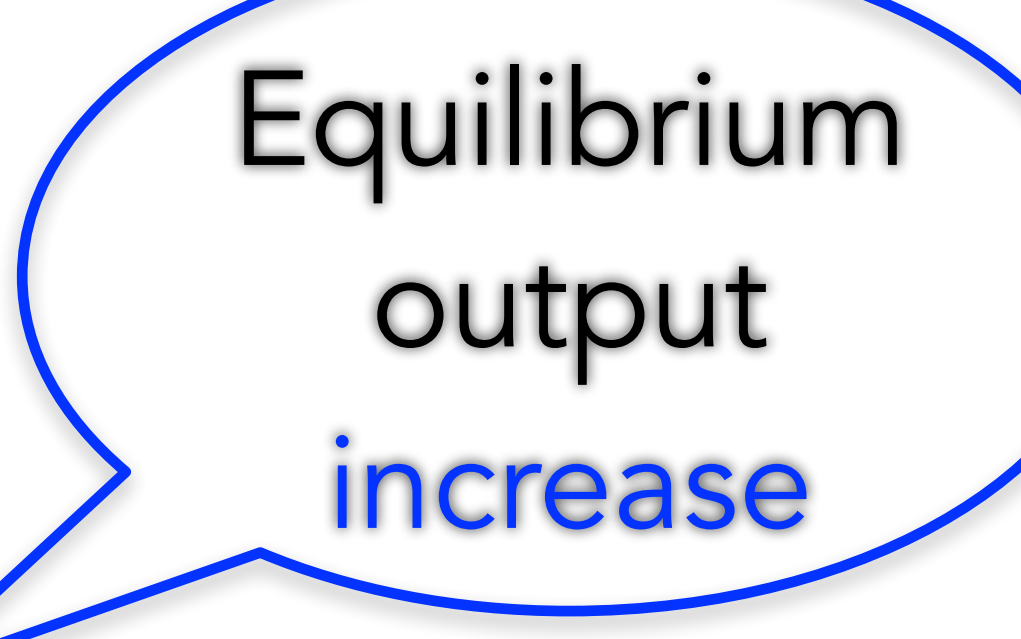
Higher  $Y^*$

Equilibrium







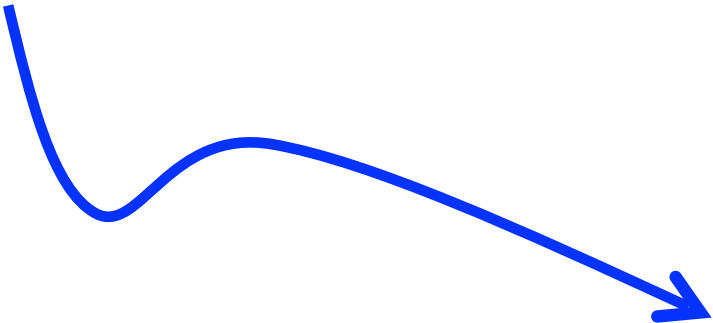


Equilibrium  
output  
increase









**AE O**

GDP/Income



Unemployment  
decrease





Total

Production

Total  
Purchases



Inventories  
fall



A

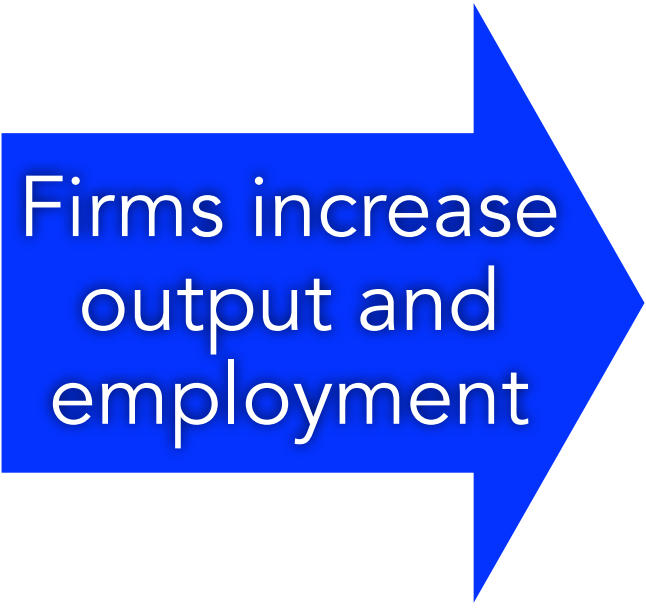
E

1

Y

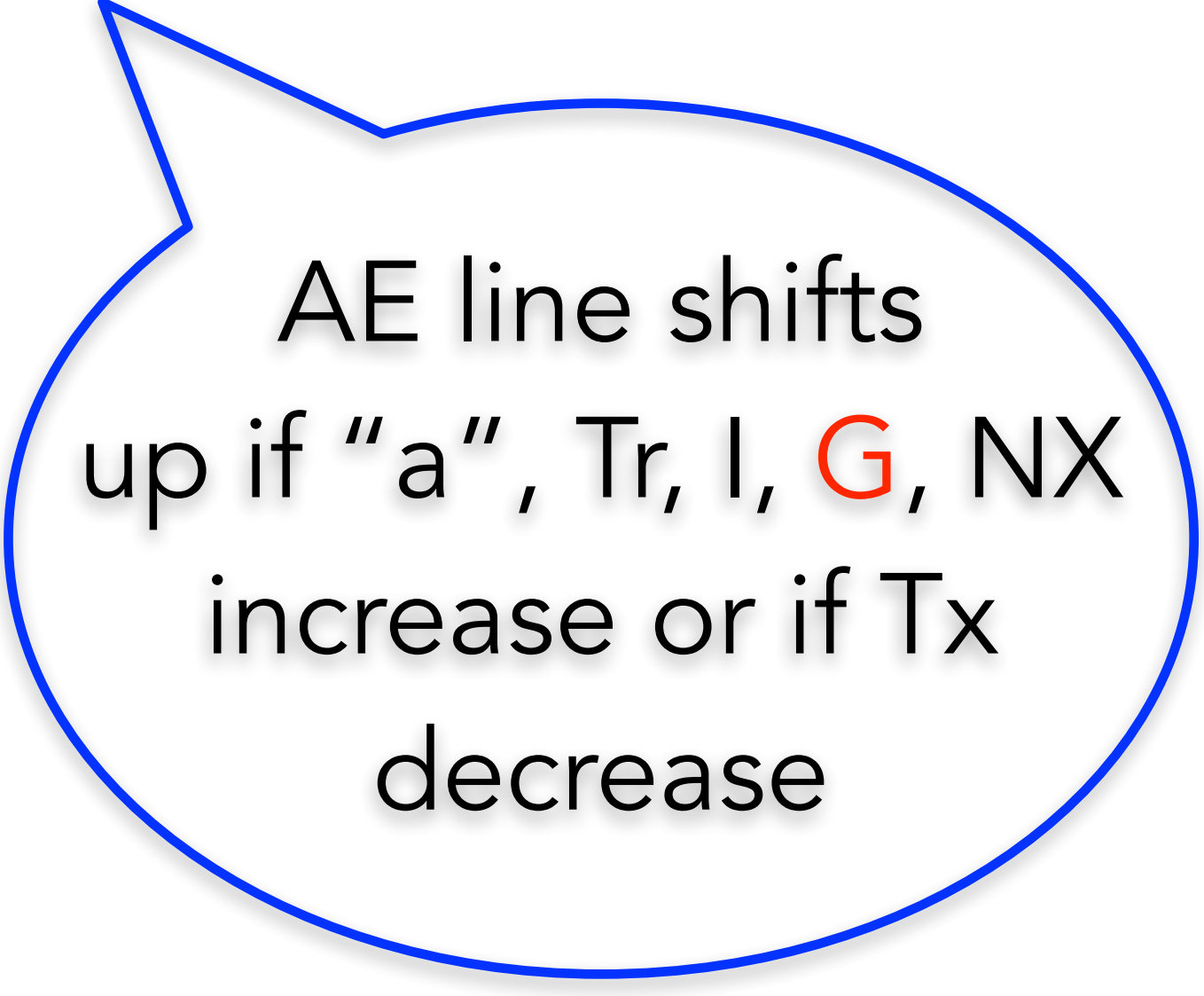
O

\*

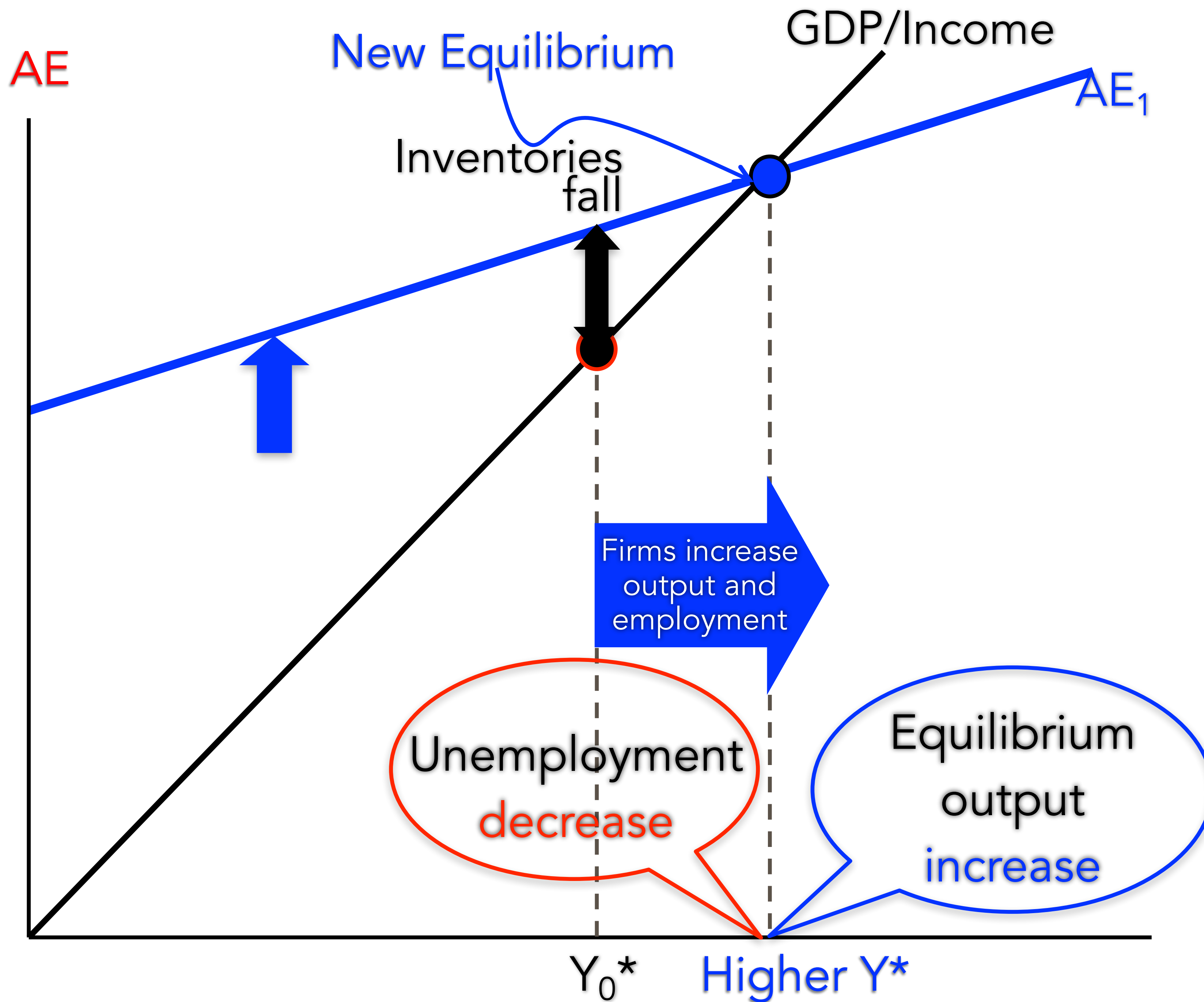


Firms increase  
output and  
employment

New Equilibrium



AE line shifts  
up if "a",  $T_r$ ,  $I$ ,  $G$ ,  $NX$   
increase or if  $T_x$   
decrease



# The Multiplier Process