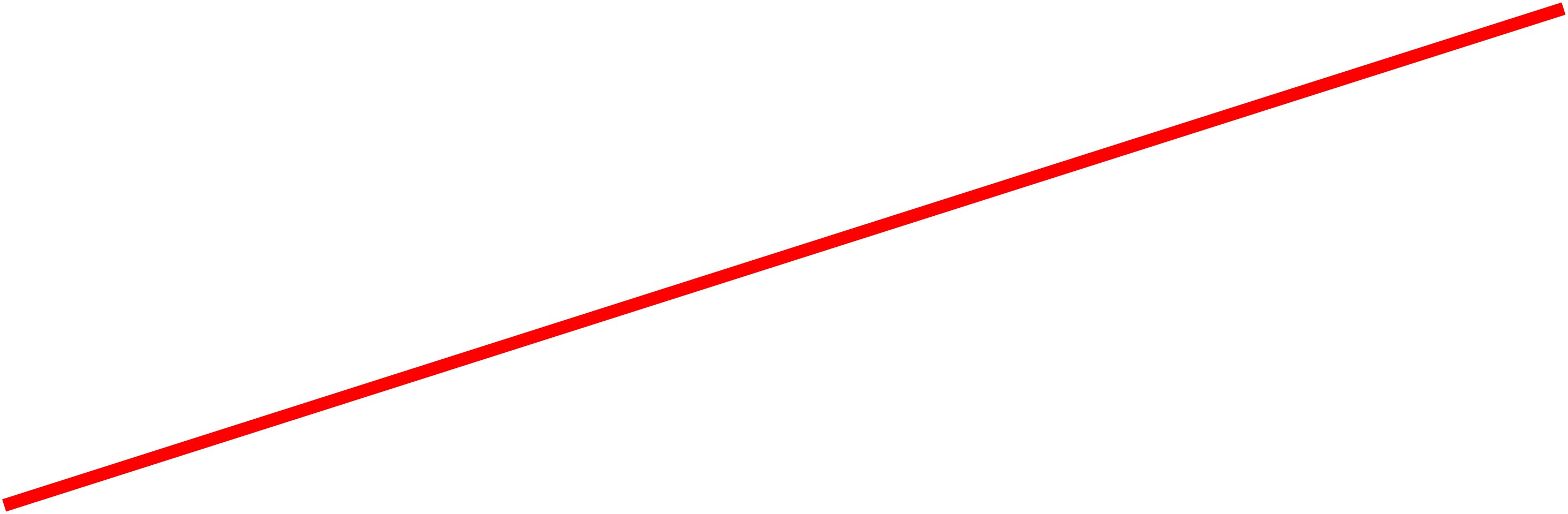


A

E



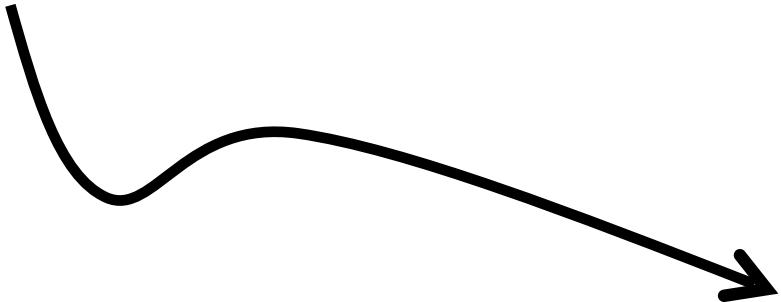


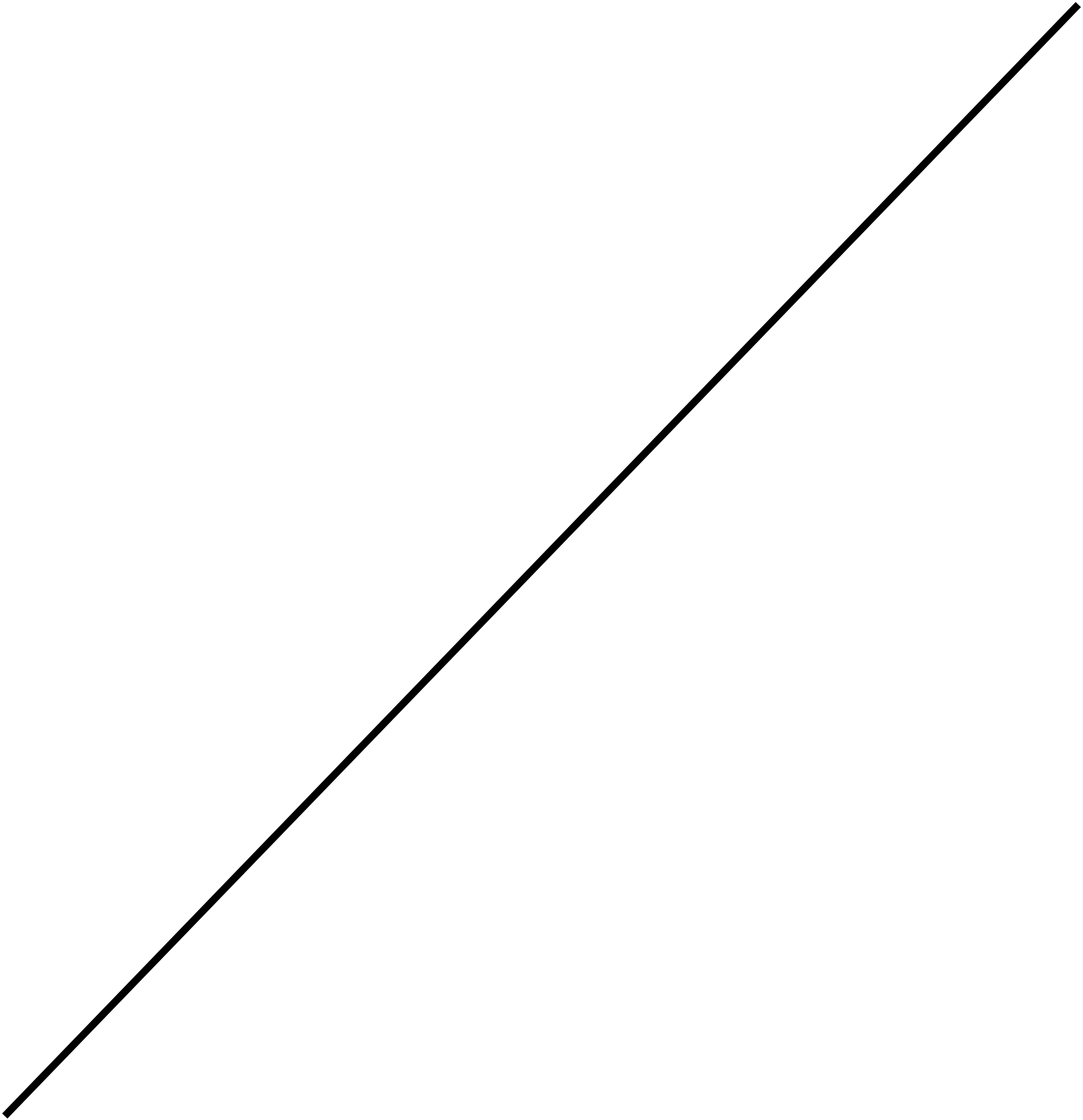


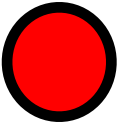


Lower Y^*

Equilibrium

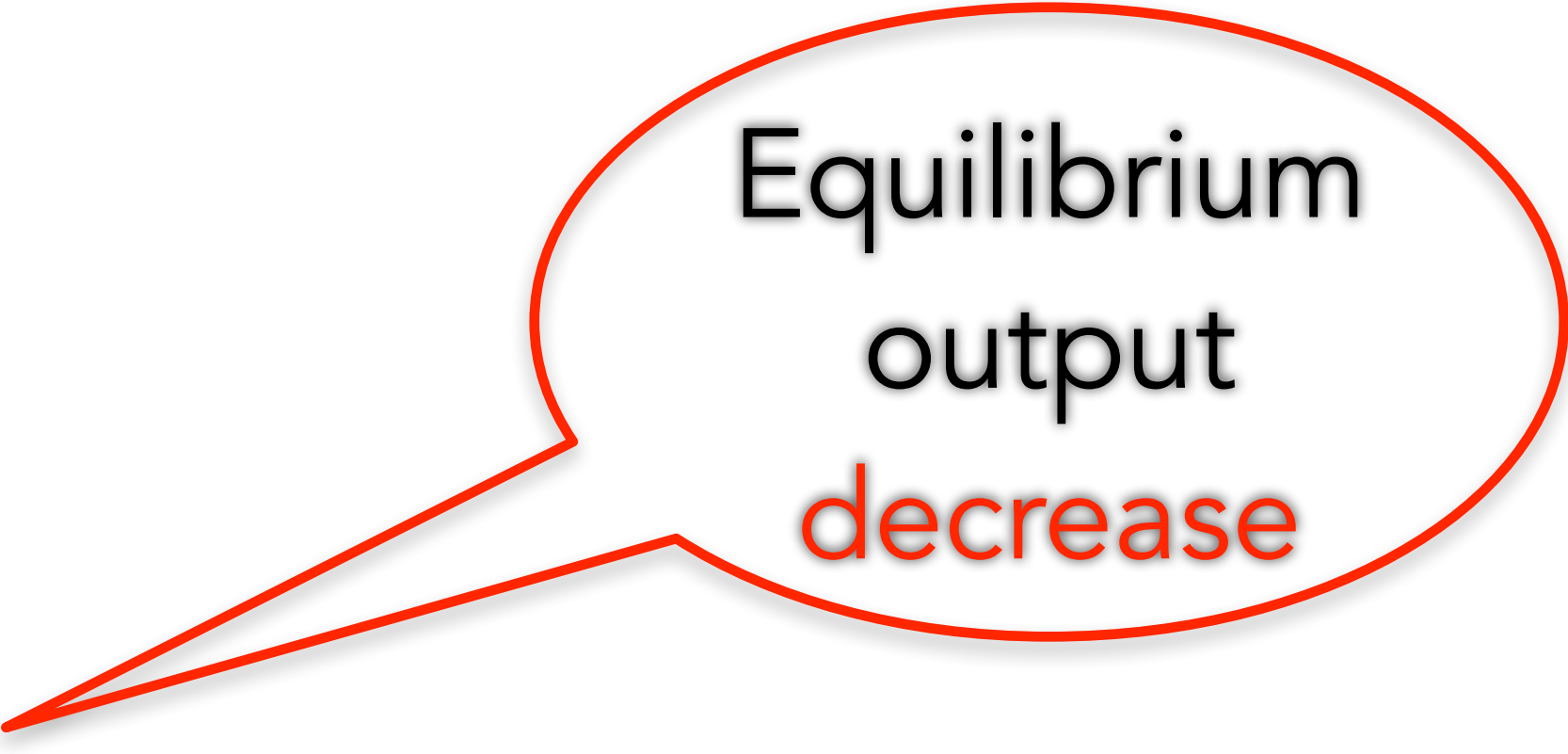




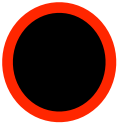




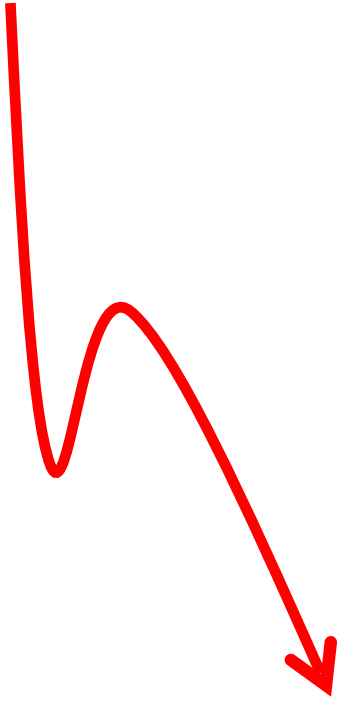
Firms
decrease
output



Equilibrium
output
decrease







AE. O

GDP/Income



Unemployment
increase





Total

Production

Total
Purchases



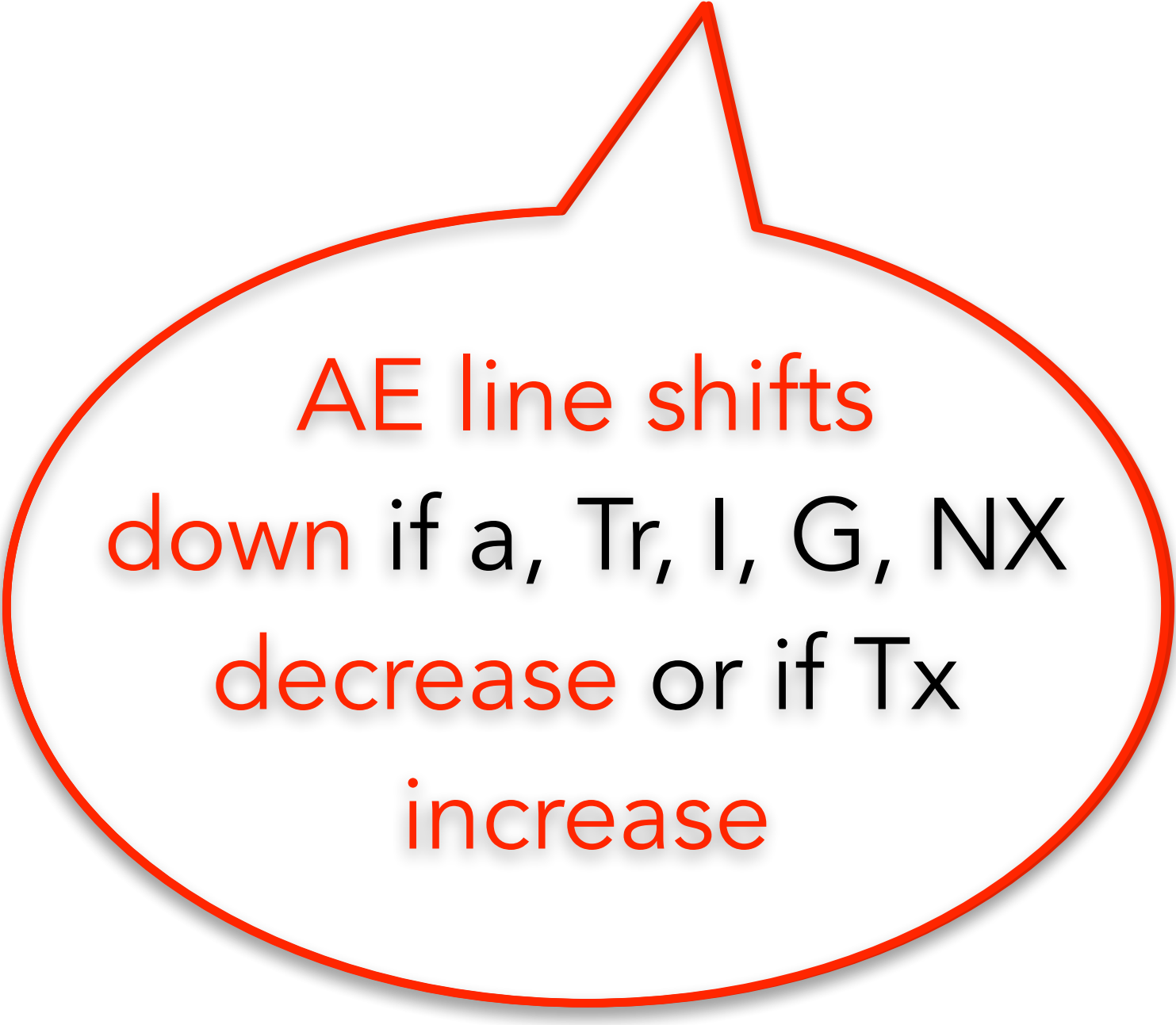
Inventories
rise

AE₁

Y

O

*



AE line shifts
down if a , Tr , I , G , NX
decrease or if T_x
increase

New Equilibrium

