

An **decrease** in Government Spending results
in **lower** GDP and **lower** Prices

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graph TD; A[ ] --> B[Recession]; A --> C[Deflation]; B --> D[Higher Unemployment];
```

Recession

Deflation

Higher Unemployment

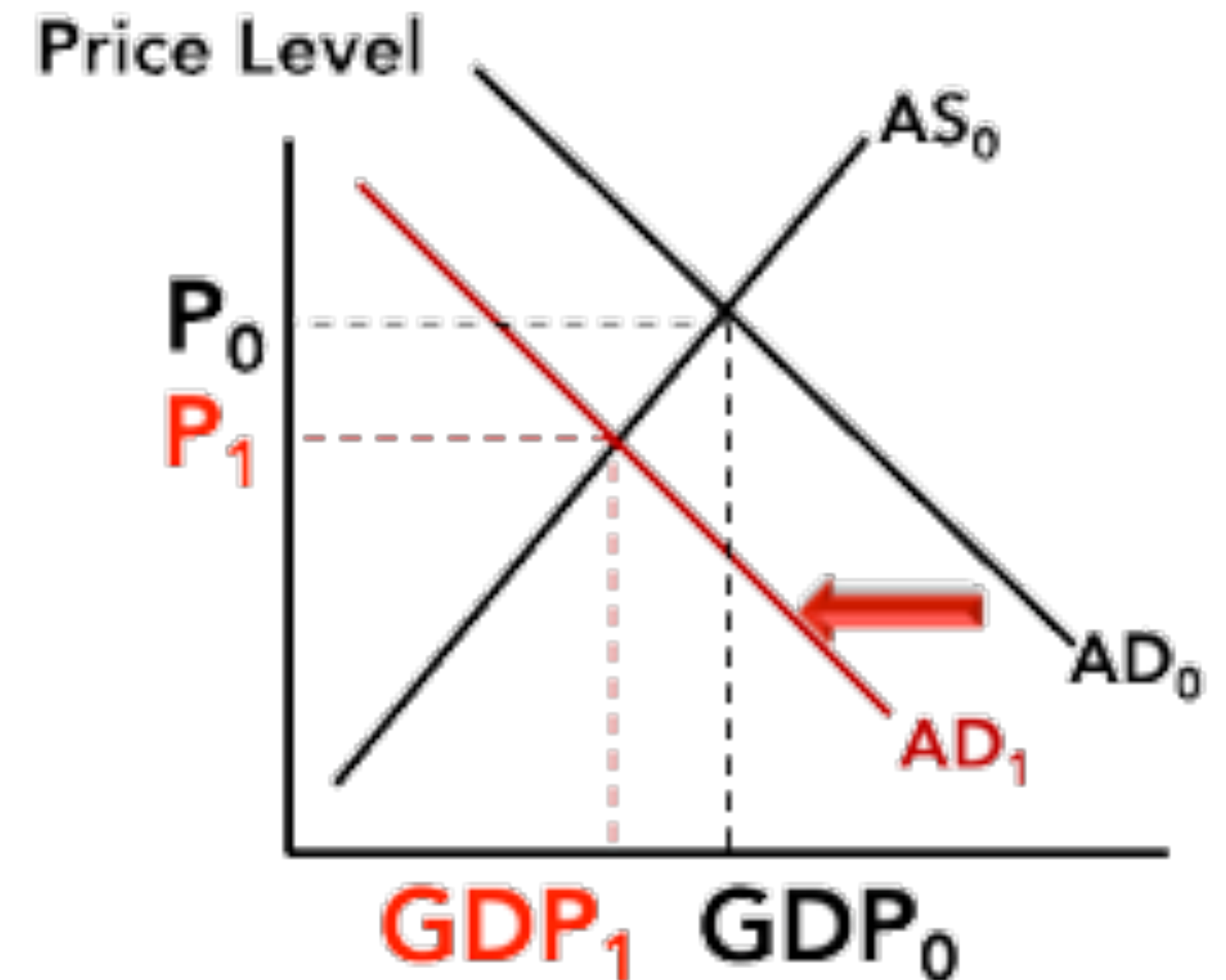
Price Level



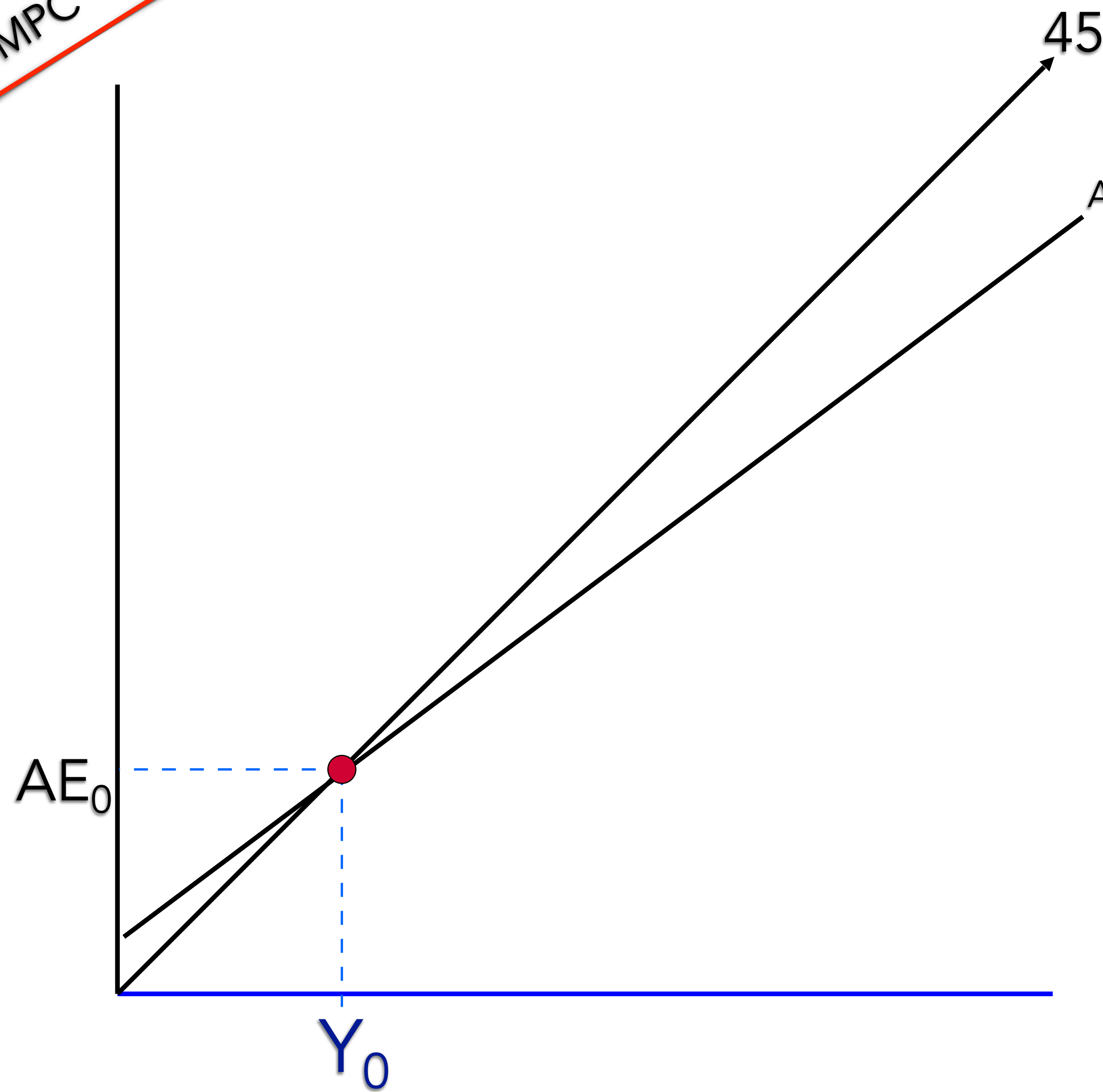
An **decrease** in Government Spending results
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Recession **Deflation**

Higher Unemployment



$MPC = 0.75$



Price Level
(CPI)

