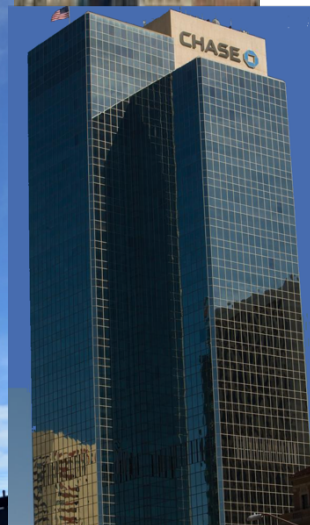


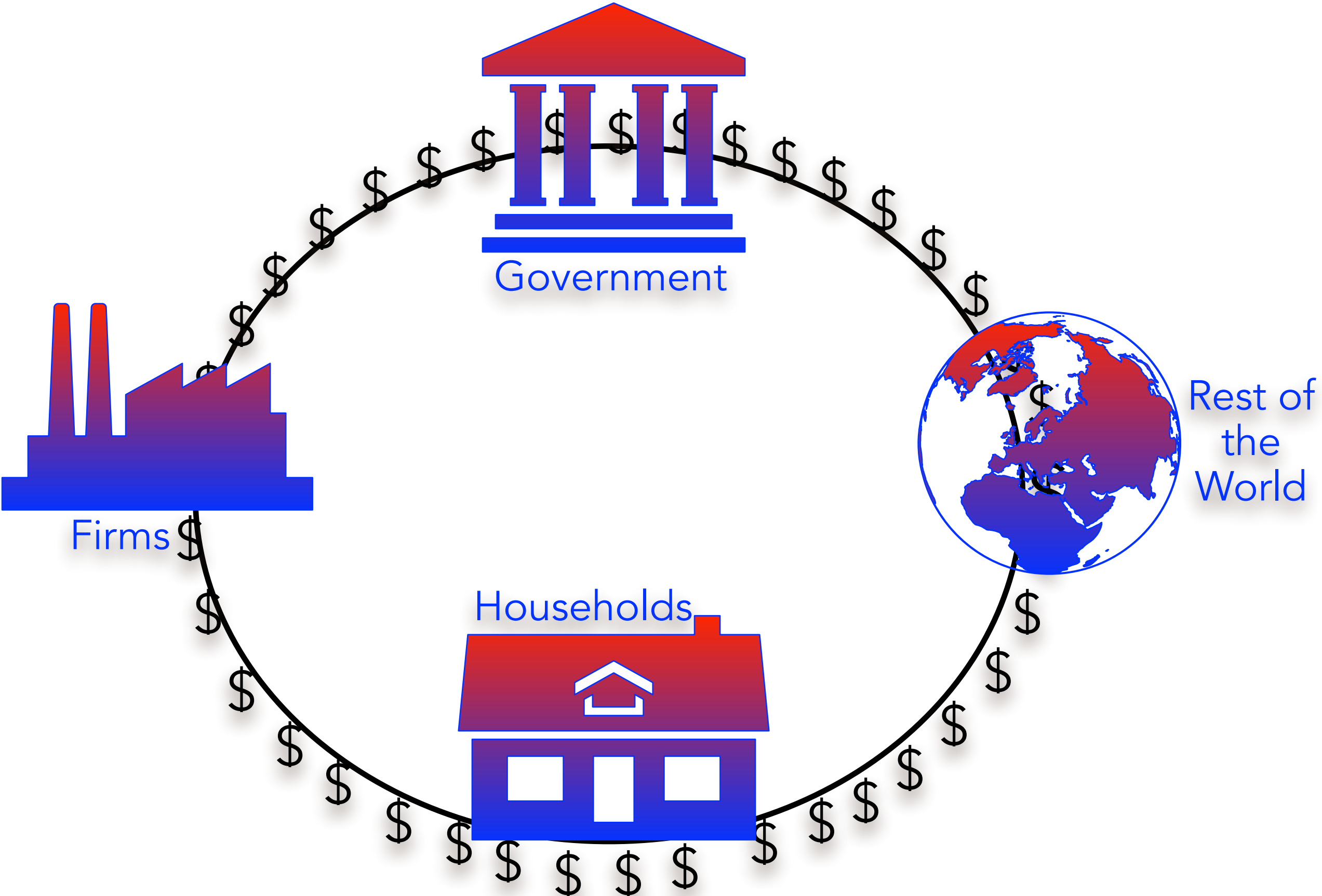
What happens
when new money
comes in?

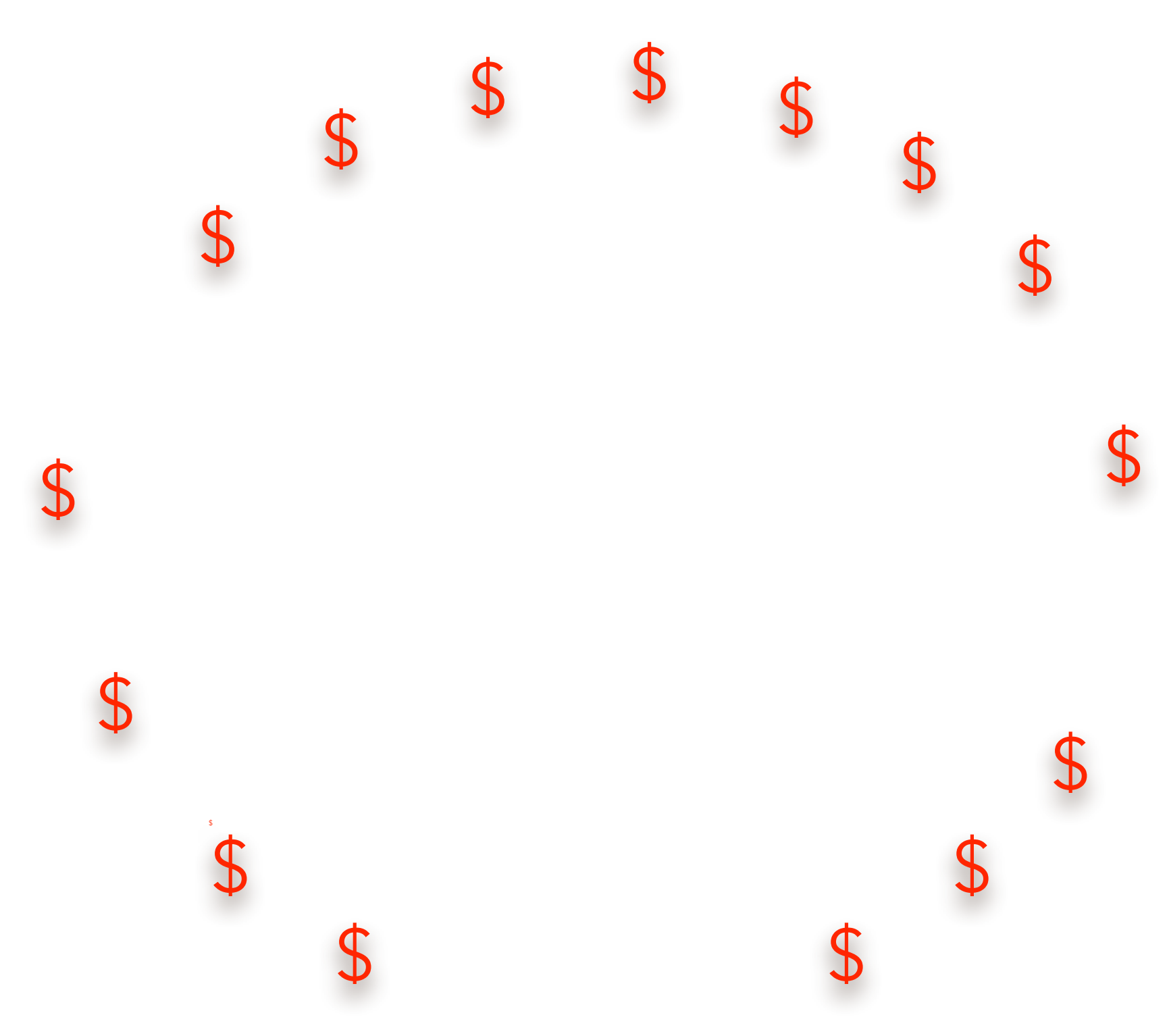


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The Federal Reserve
Bank creates new money





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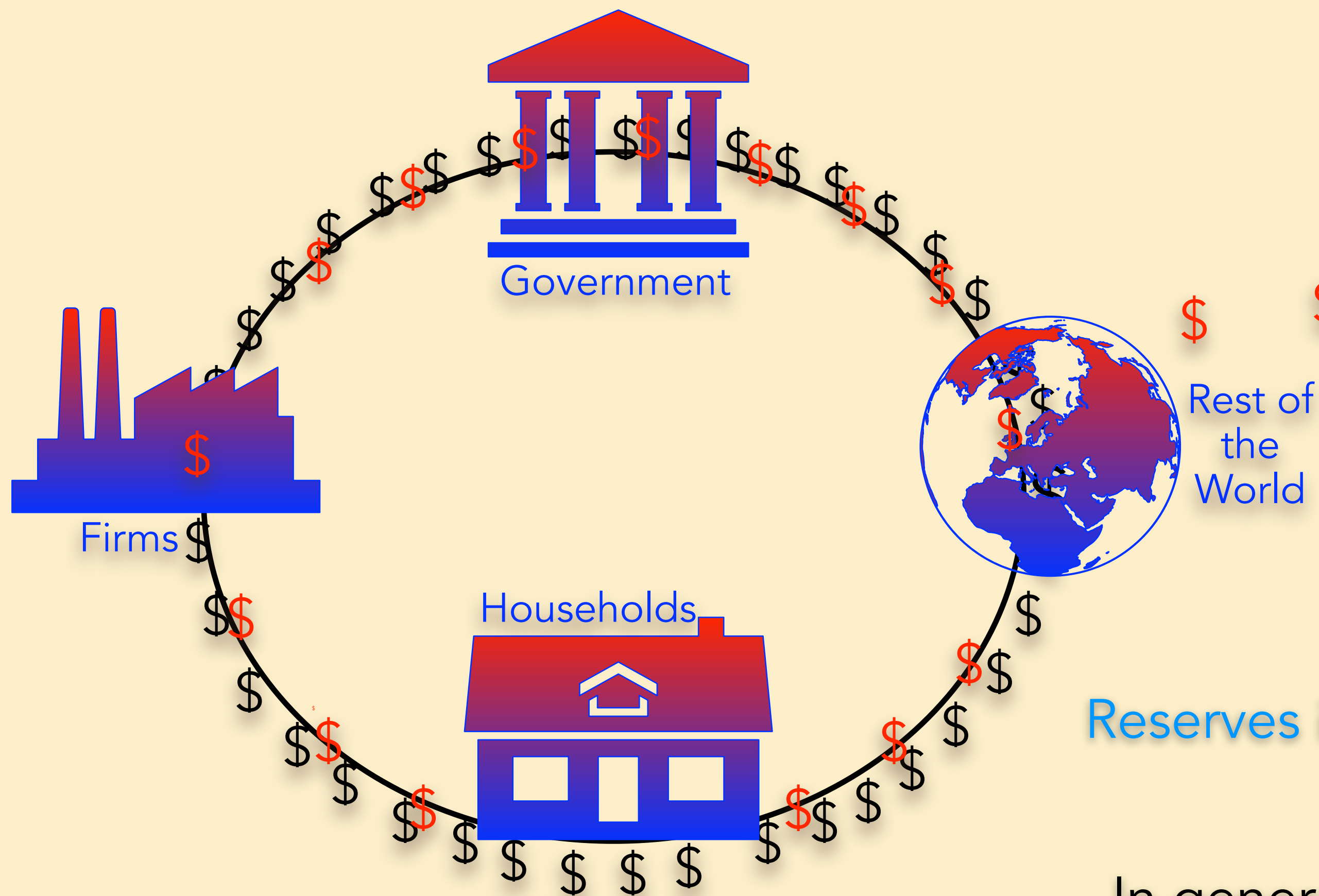
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Reserves increase by the amount of new
money injected:

In general, we can write the increase
in Reserves as:

$$\Delta R = 3,000 (1)$$

$\Delta R = \text{New Money}$



The Federal Reserve Bank creates new money

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