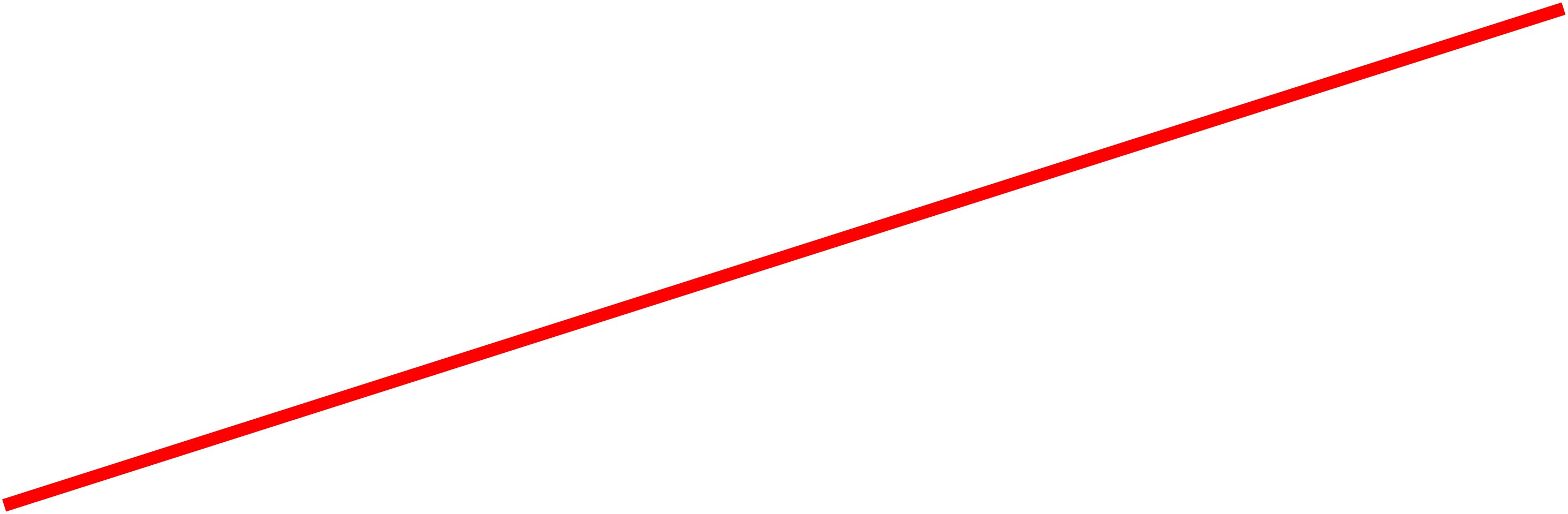


A

E



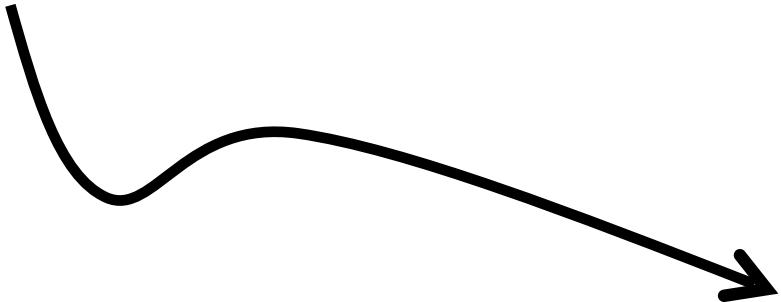


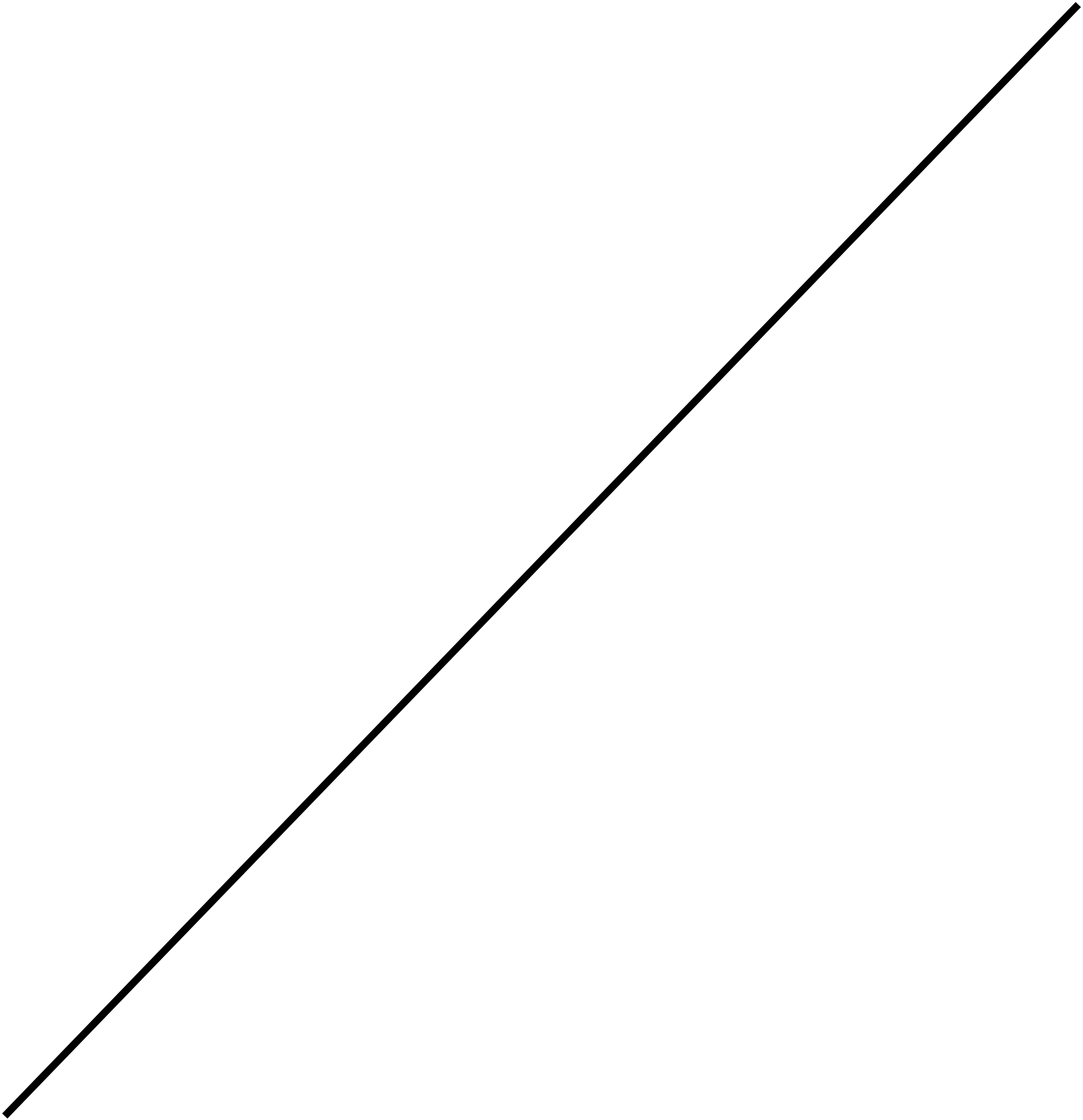


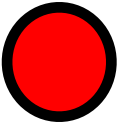


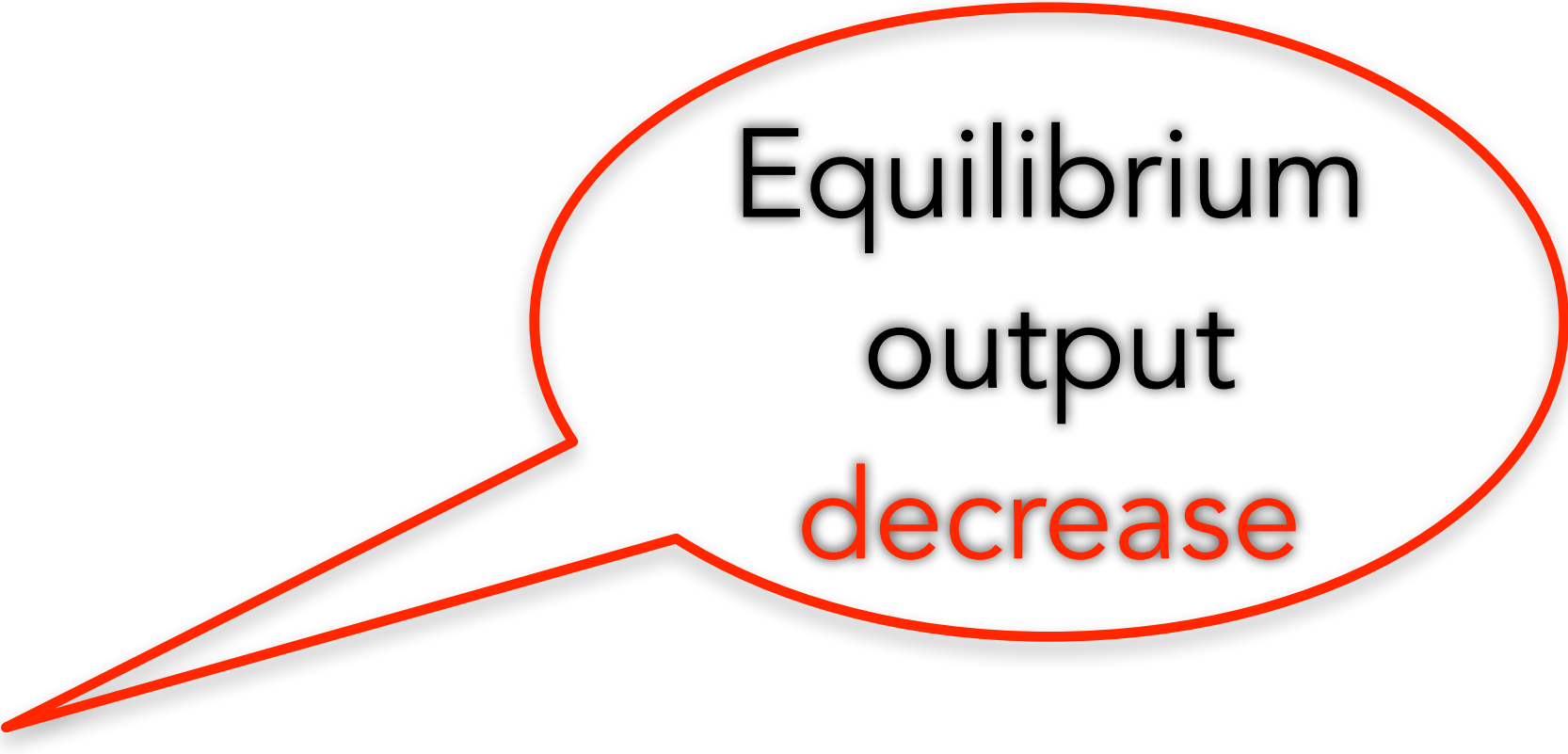
Lower Y^*

Equilibrium









Equilibrium
output
decrease







AE O

GDP/Income



Unemployment
increase





Total

Production

Total
Purchases



Inventories
rise

AE₁

Y

O

*



AE

line shifts down if
"a": autonomous
consumption, T_r , I , G ,
 NX decrease or if
 T_x increase

New Equilibrium

A large red arrow pointing to the left, containing white text.

Firms decrease
output and
employment

