

$$\Delta Y = 700(1/0.1) = 7000$$

**The shift in AD is the same
as the increase in
Equilibrium output:**

$$AE_1 = C + I + G_1 + NX$$

$$AE_0 = C + I + G_0 + NX$$

$$\Delta AE =$$

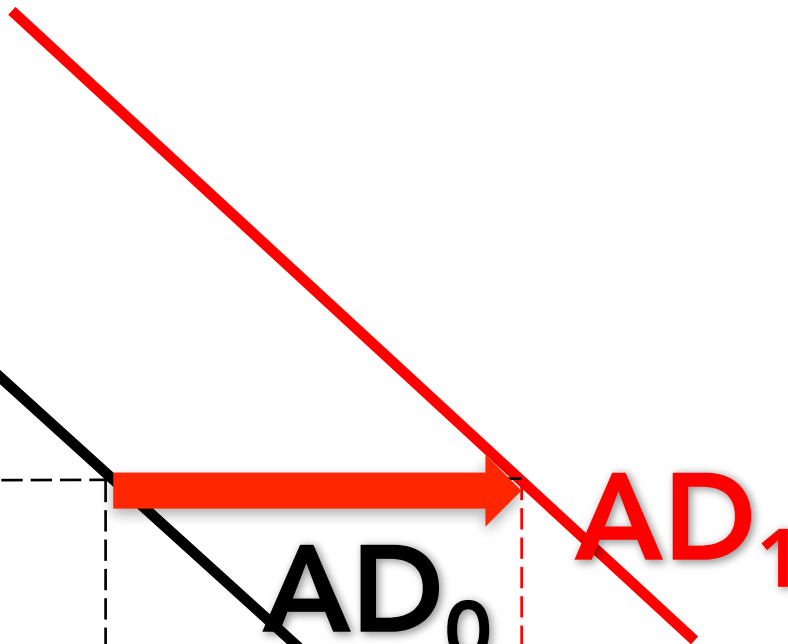
$$\uparrow \Delta G = 700$$


$$AE_1 = C + I + G_1 + NX$$

$$AE_0 = C + I + G_0 + NX$$

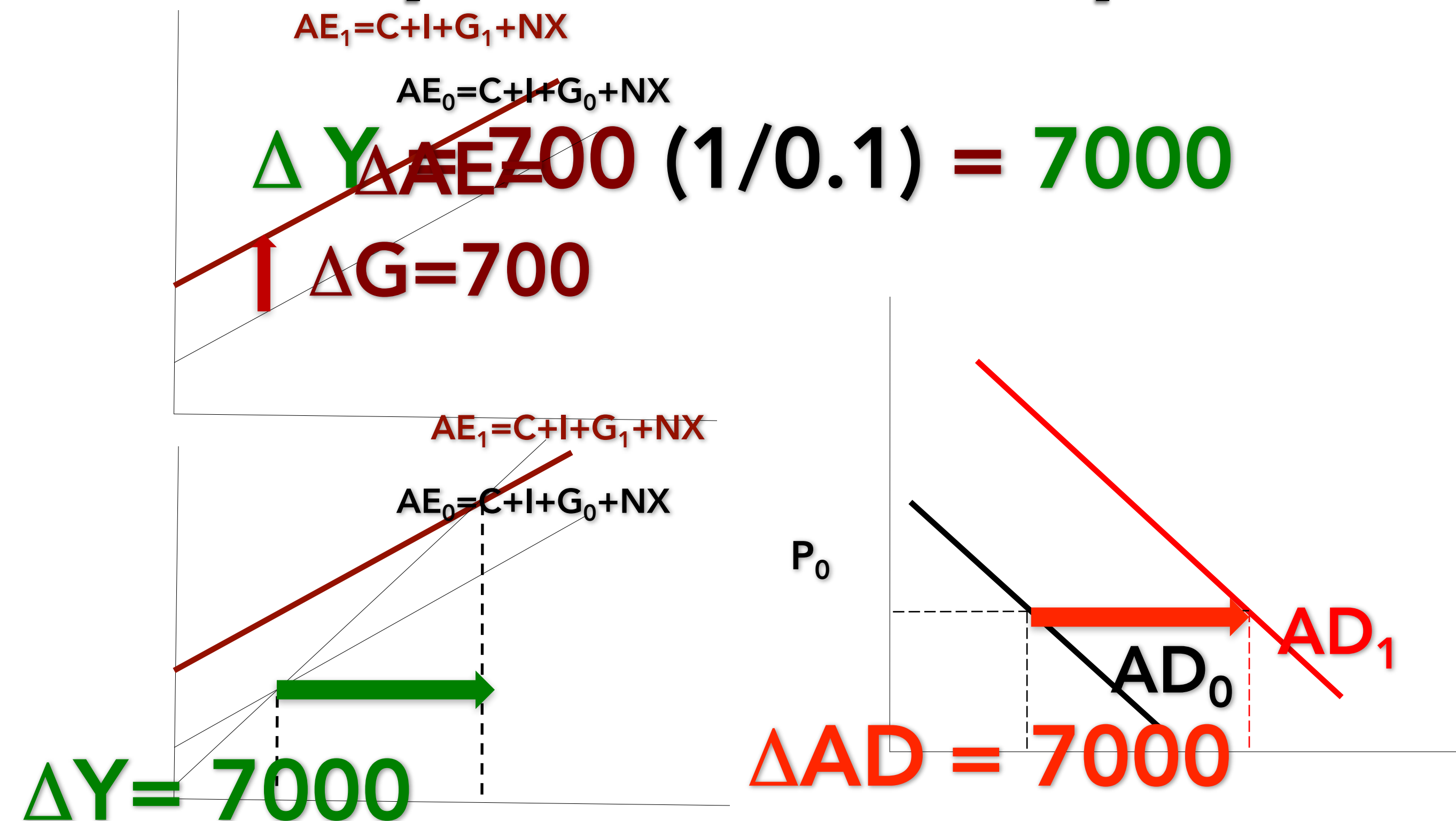
$$\Delta Y = 7000$$


P_0



$$\Delta AD = 7000$$

The shift in AD is the same
as the increase in
Equilibrium output:



**The shift in AD is the
same as the increase
in Equilibrium output**

