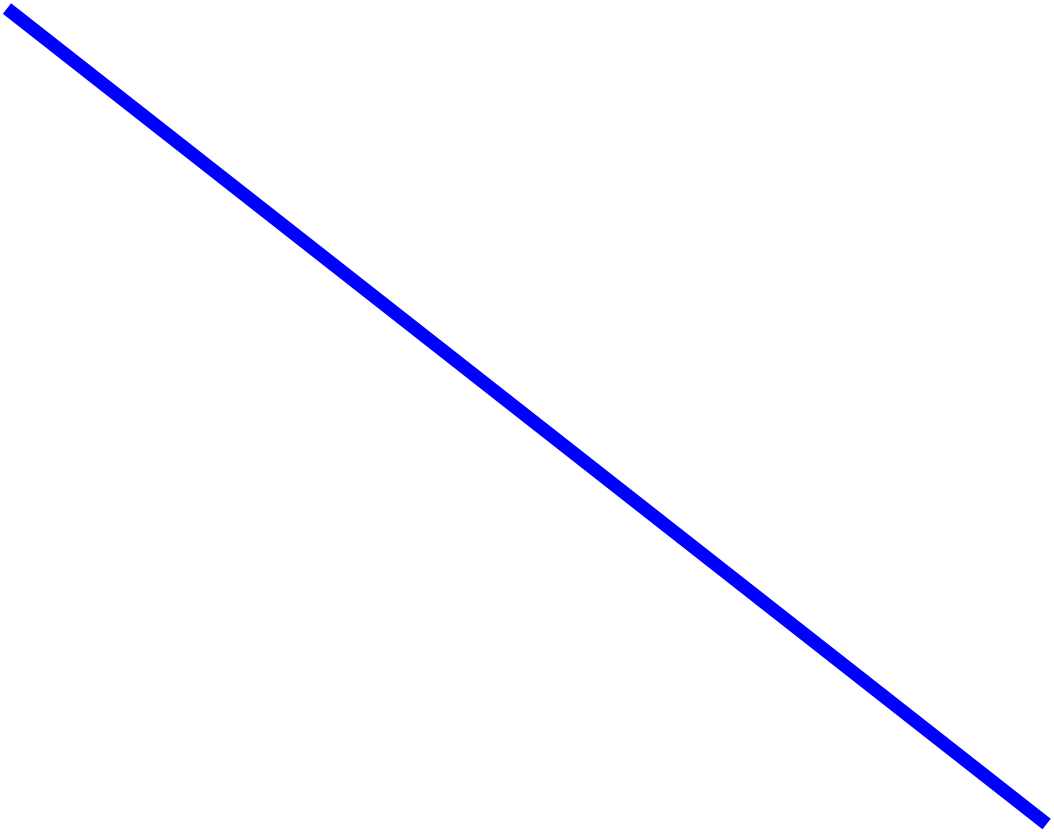


AE0

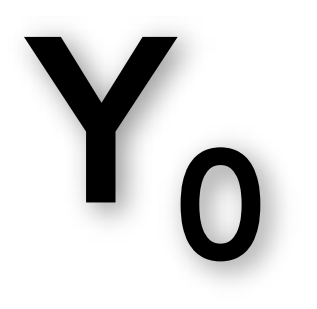
AE1

If G,I,C, NX

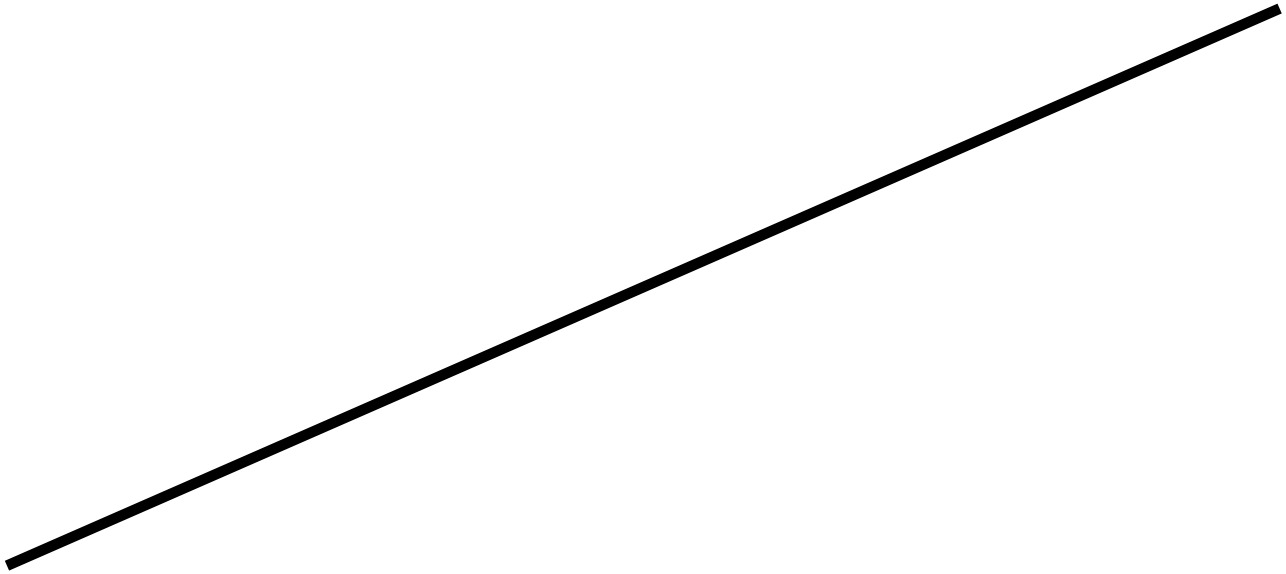
decrease

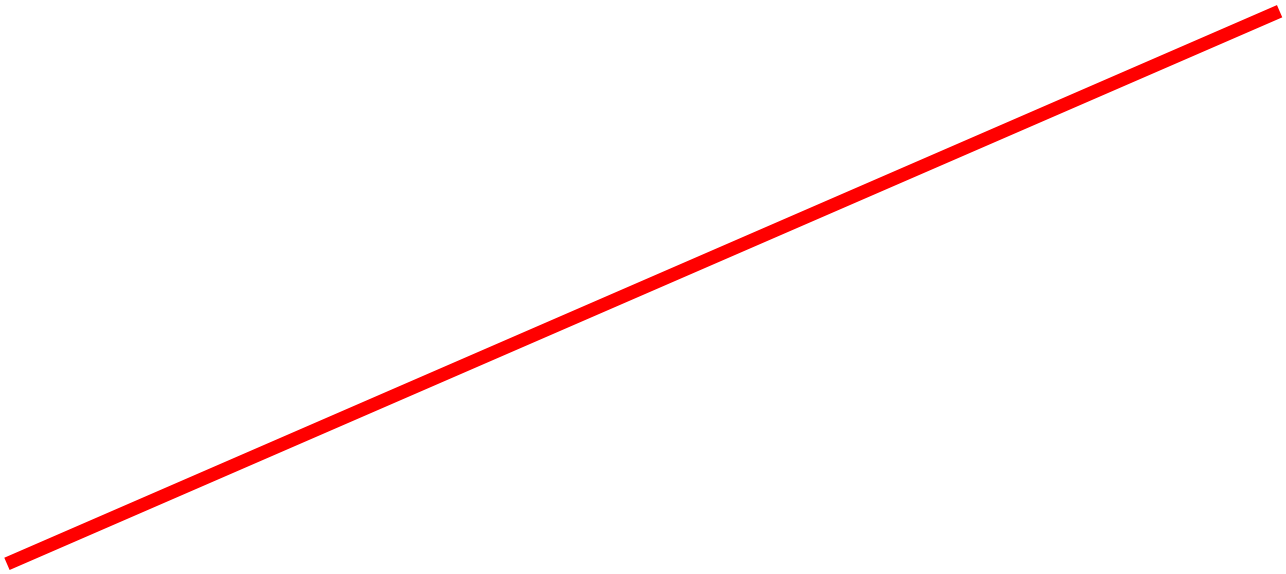
AE line Shifts down

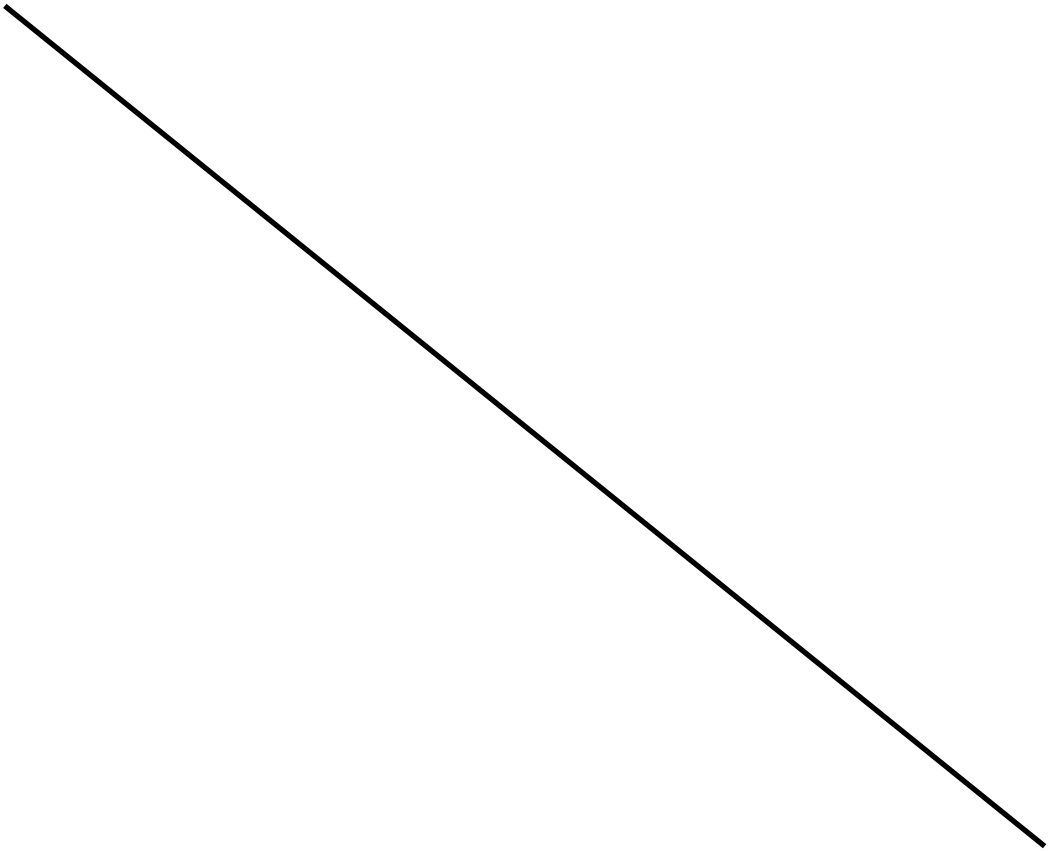
Output Demanded Decrease


Y0

Y1



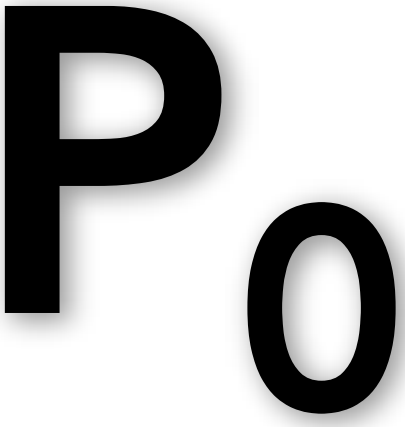




AD0

AD1

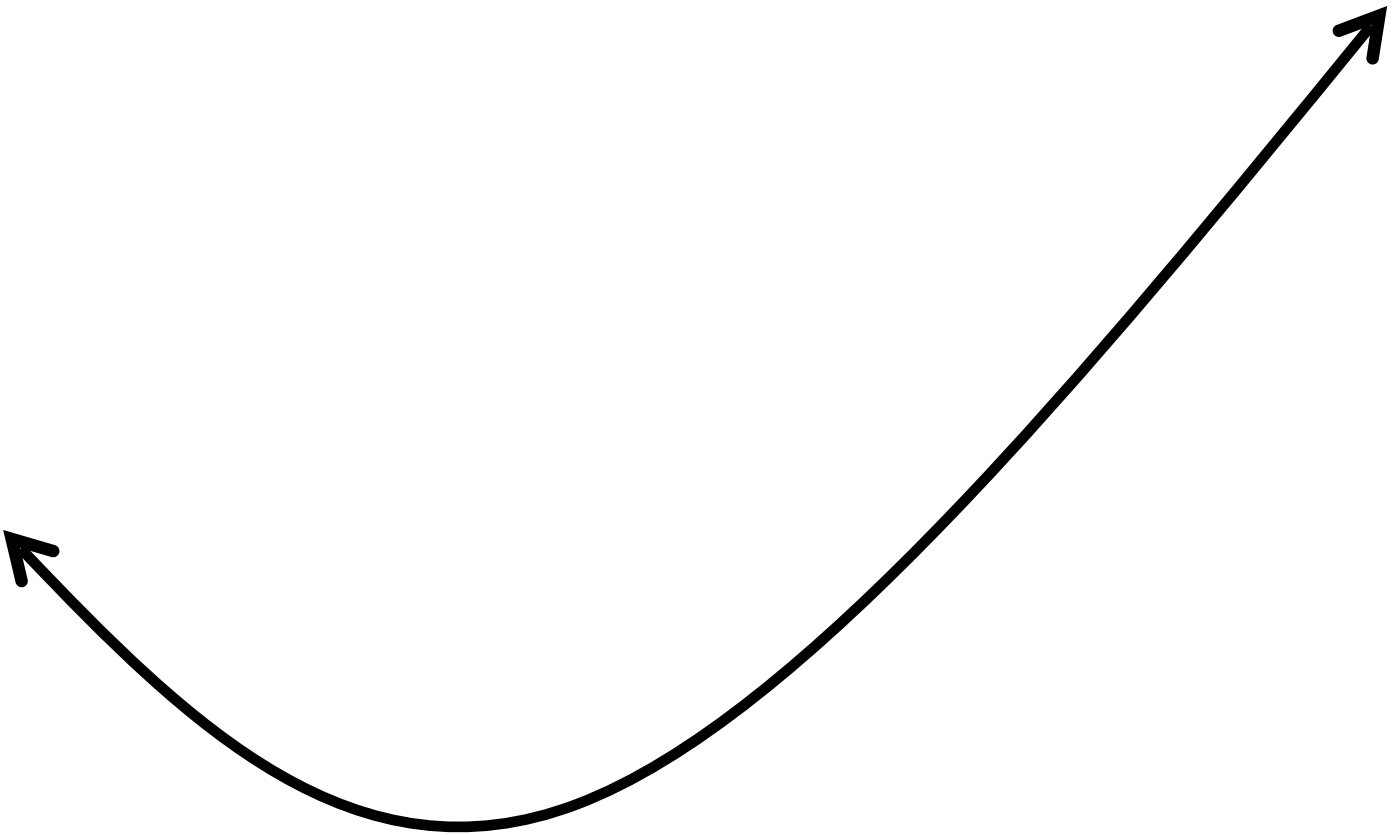
Price level


P0

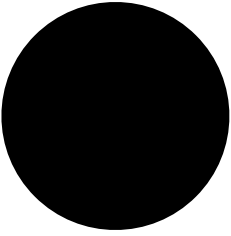
AD0

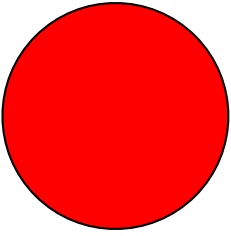
AD1

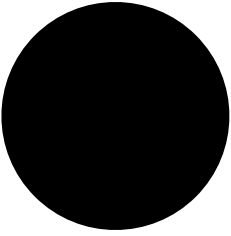
AD shifts Left

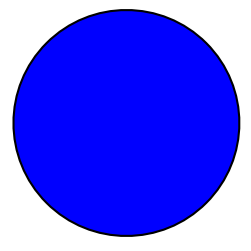


The size of the change in equilibrium Y

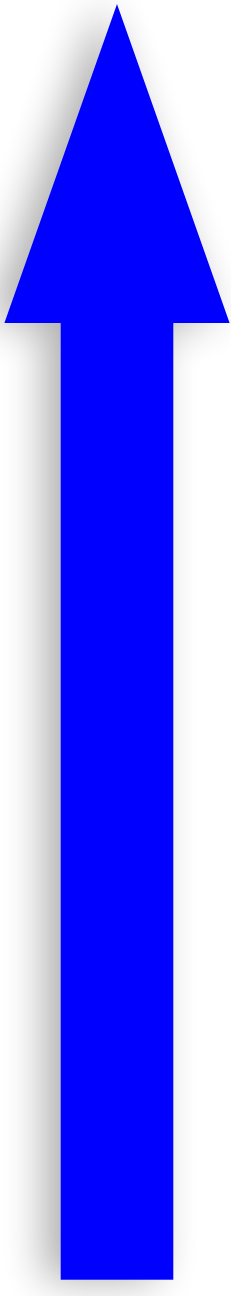








Prices are the same



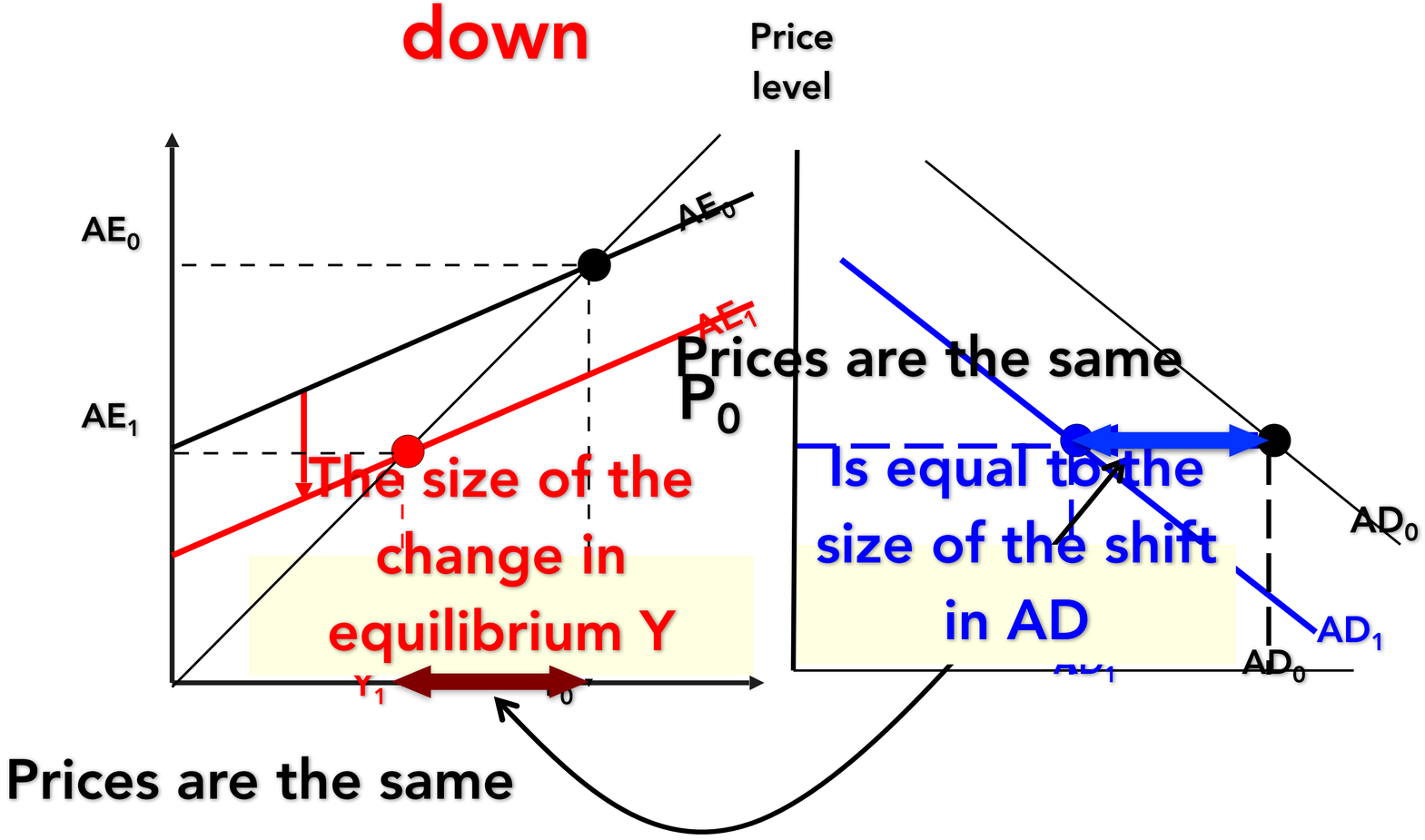
Is equal to the size of the shift in AD

Prices are the same

AE1

AE0

If G,I,C, NX decrease

AE line Shifts down

AD shifts Left