For *any* change in G and *any* MPC

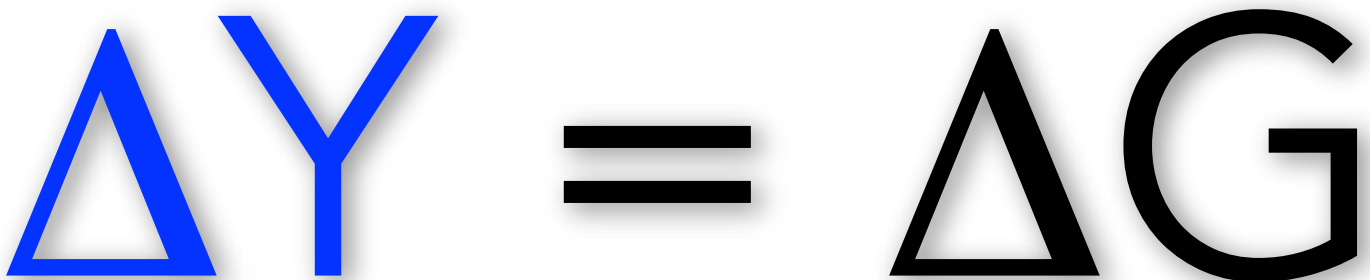

1
1-MPC

ΔSpending=

100


1
1-0.9

ΔSpending=

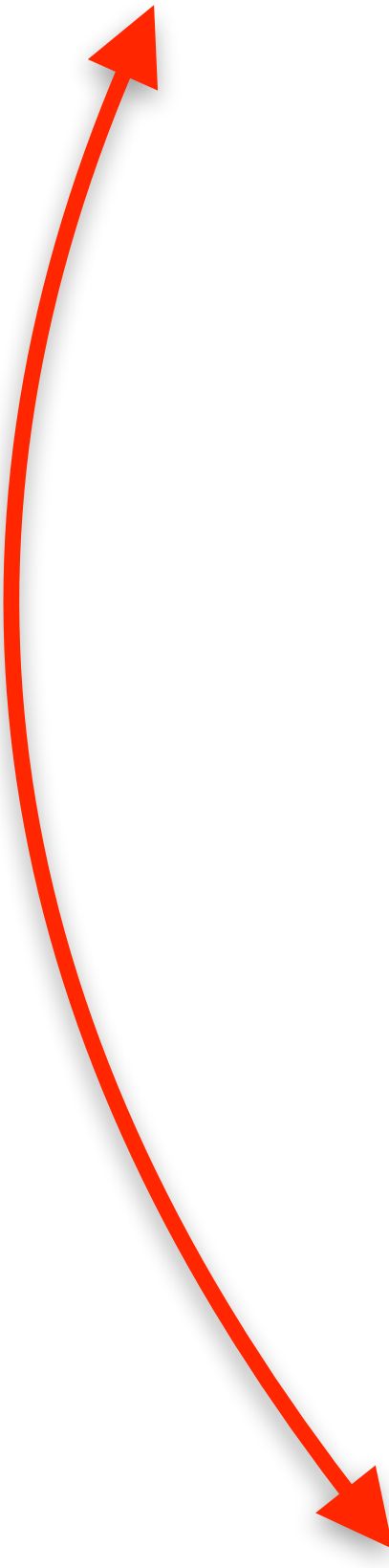

ΔY = ΔG


1
1-MPC

Someone's spending is someone else's income

ΔSpending=


ΔIncome



$$\Delta Spending = 100 \left(\frac{1}{1-0.9} \right)$$

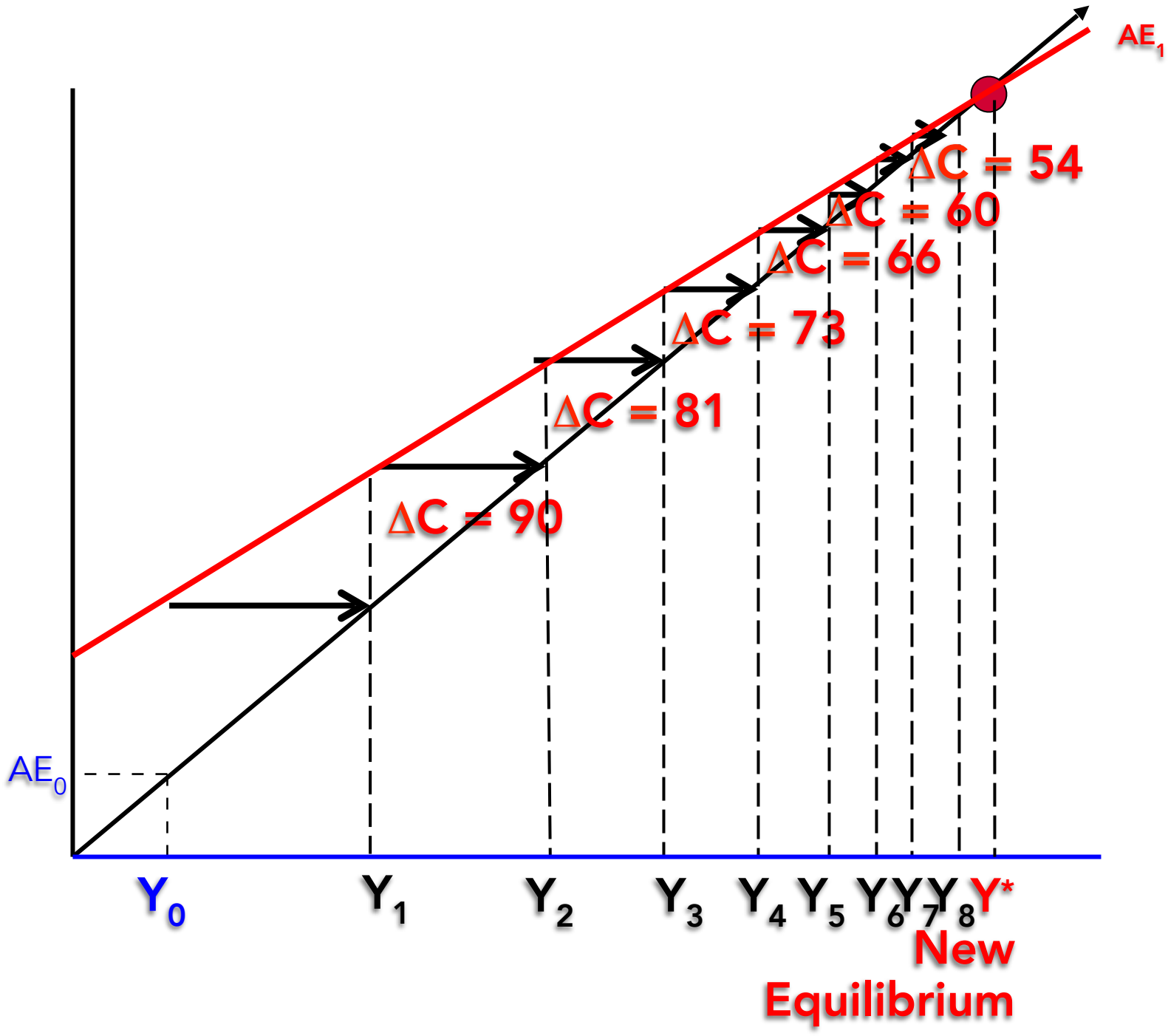
For *any* change in G and *any* MPC

$$\Delta Spending = \Delta G \left(\frac{1}{1-MPC} \right)$$

Someone's spending is someone else's income

$$\Delta Spending = \Delta Income$$

$$\Delta Y = \Delta G \left(\frac{1}{1-MPC} \right)$$


AE1
ΔC = 54
ΔC = 60
ΔC = 66
ΔC = 73
ΔC = 81
ΔC = 90
AE0
Y0
Y1
Y2
Y3
Y4
Y5
Y6
Y7
Y8
Y*
New
Equilibrium