



Aggregate Expenditures


$$AE = (A + I + G + NX) + MPCY$$

AE

For different values of α

AE = Total **Purchases of
goods and services by
Consumers, Firms,
Government and other
countries...**

AE = Total Purchases of goods and services



Prices do not
appear anywhere
in this diagram







o















V

2



U











n





n





2





U







g

no









S

sa











S



sa

n



Aggregate Expenditures

AE

AE = Total Purchases of
goods and services by
Consumers, Firms,
Government and other
countries...

$$AE = (A + I + G + NX) + MPC \cdot Y$$

AE = Total Purchases of goods and services

Prices do not
appear anywhere
in this diagram

For different values of Income, assuming
prices are constant

