

$S + Tx + M$

I + G + X

Y

Equilibrium



Y

above equilibrium

Leakages larger
than Injections

Leakages

Injection









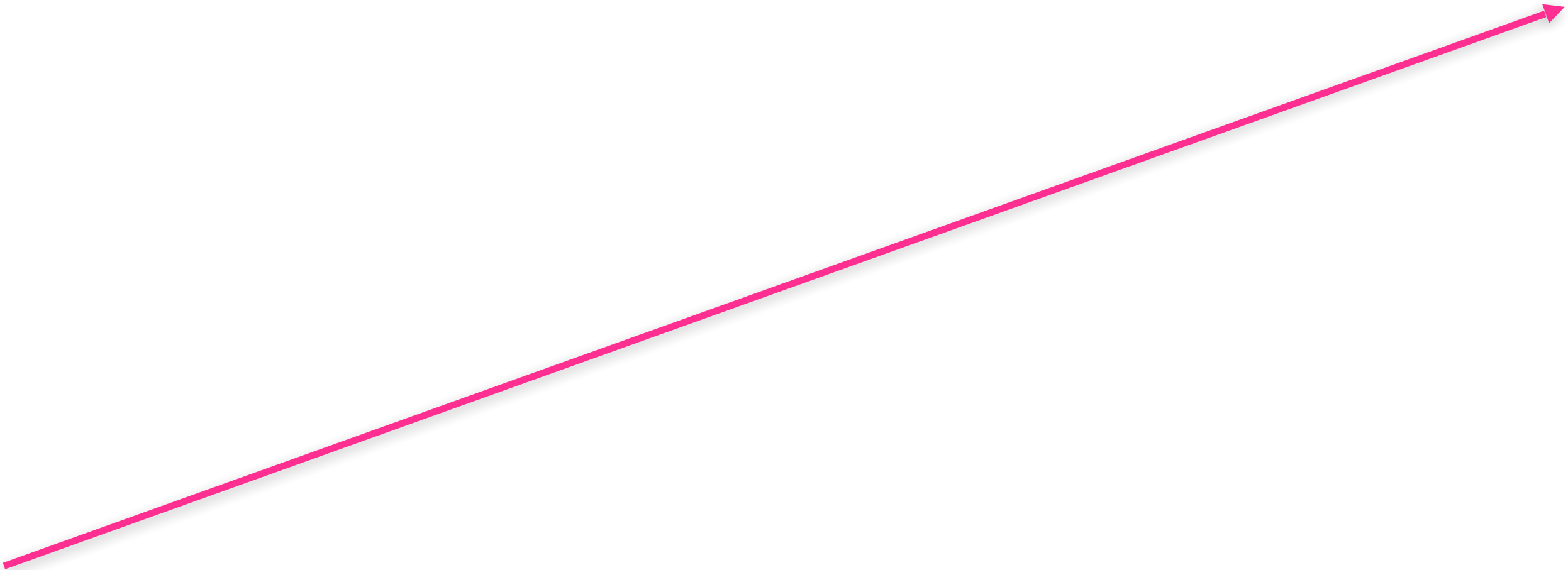
Not enough
spending
Inventories
accumulate

Too much
spending
inventories
fall

Spending =
Production
inventories do
not change







$S = -a + MP_S Y$

S + T + N

|

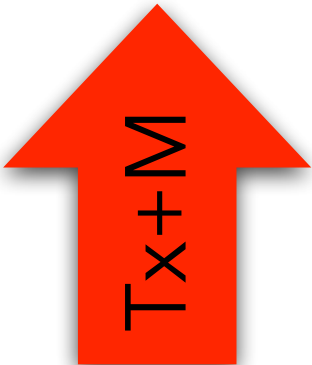
+

G

+

X

=



\times
 $+$
 G
 $+$
 I



Income
that
leaks

Injectons
Larger than
Leakages

Income
injected
back

Y

below equilibrium







More
Income
leaks than is
injected
back

More
Income
injected
back than
leaks





