





AE

Total
Production



Total Production (Y)

AE



$$AE = C + I + G + X - N$$

Total Production (M)

[REDACTED]

[REDACTED]

If
Spending Leakages
are equal to
Spending Injections

Inventories
Decrease

Production

AE

Production

Spending
Injections

$I+G+X$

larger than

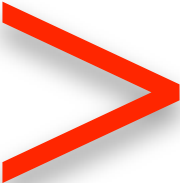
Spending
Leakages

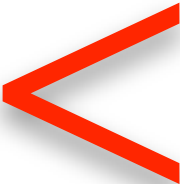
$S+T+M$

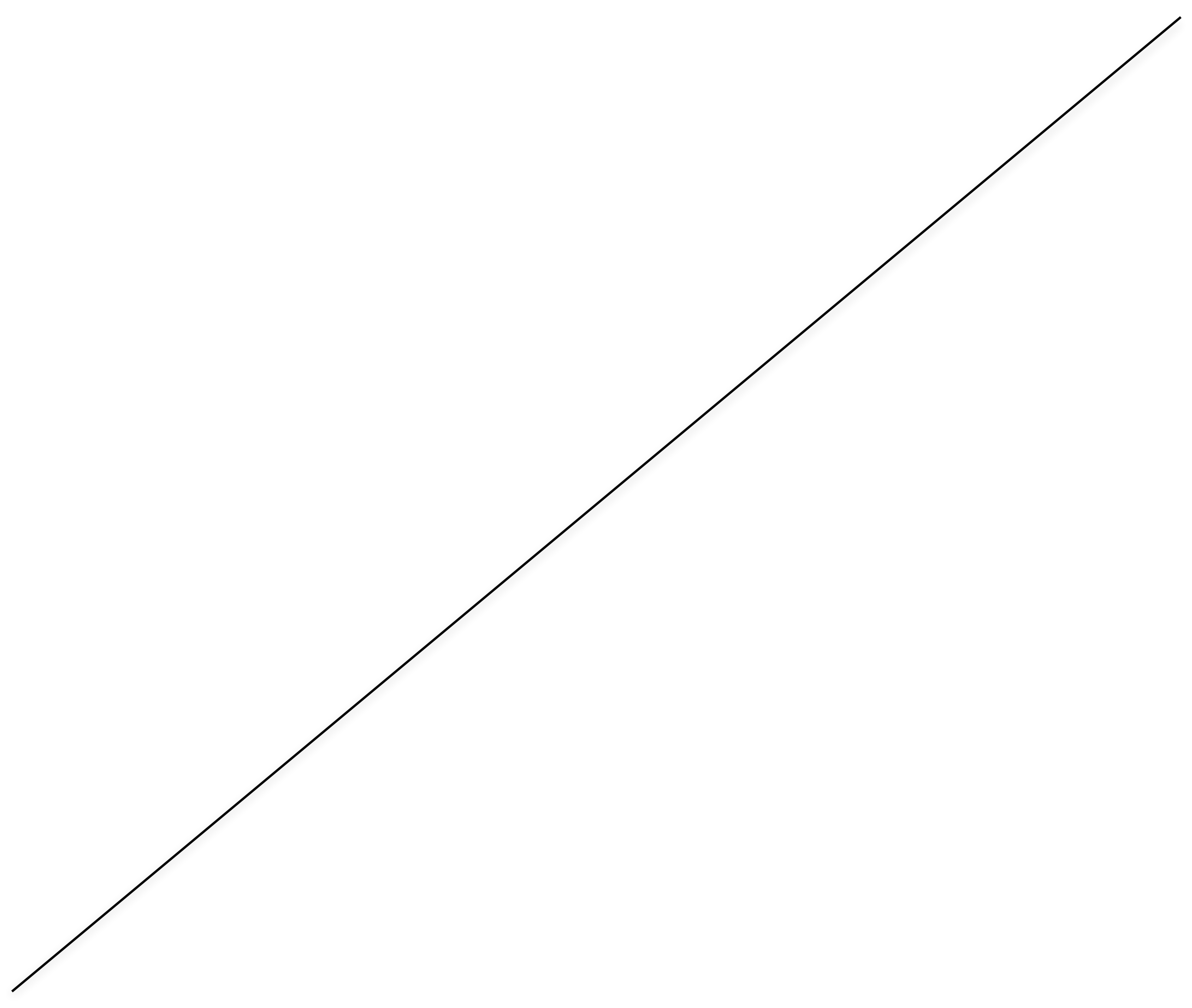
Spending
Leakages
 $S+T+M$

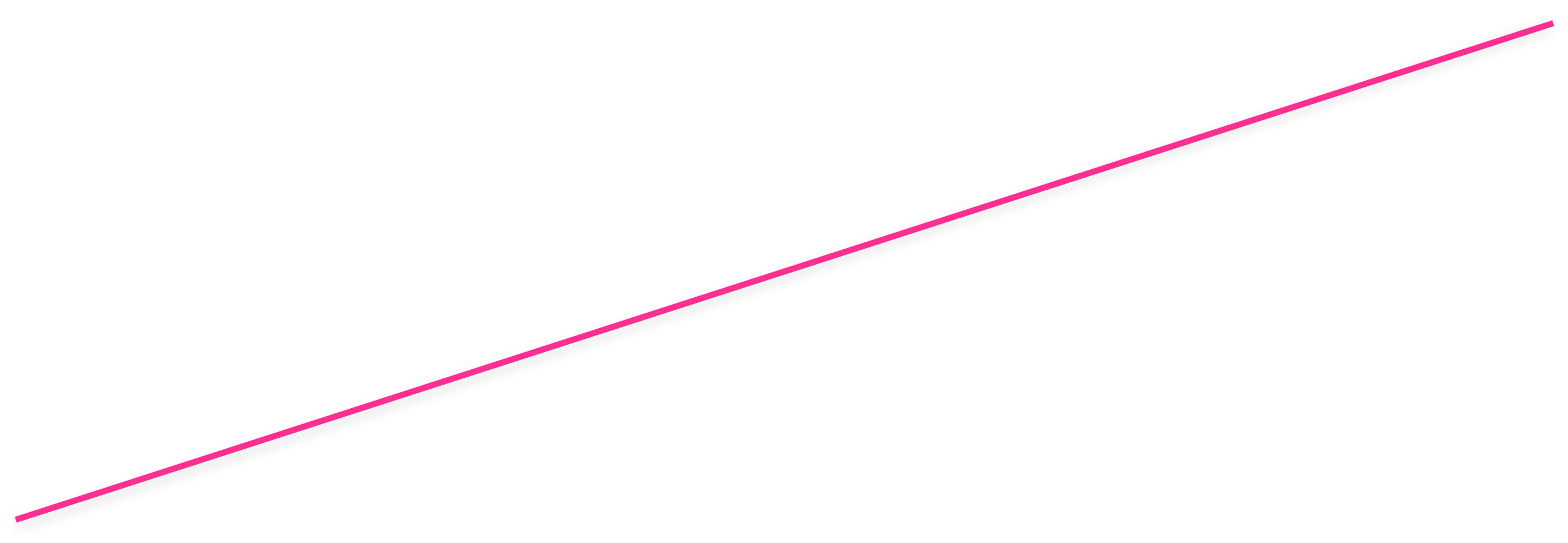
larger than
Spending
Injections
 $I+G+X$

Aggregate Expenditures











Aggregate
Expenditures

=

Production



Too much spending



Too little spending

Inventories
Increase

More Income leaks
than is injected back

More income is injected
back than leaks

More income is injected
back than **leaks**

Spending
Injections
 $I+G+X$
larger than
Spending
Leakages
 $S+T+M$

Inventories
Increase

