



**Total
Purchases**



**Total
Production**

S









M

[REDACTED]

[REDACTED]





G



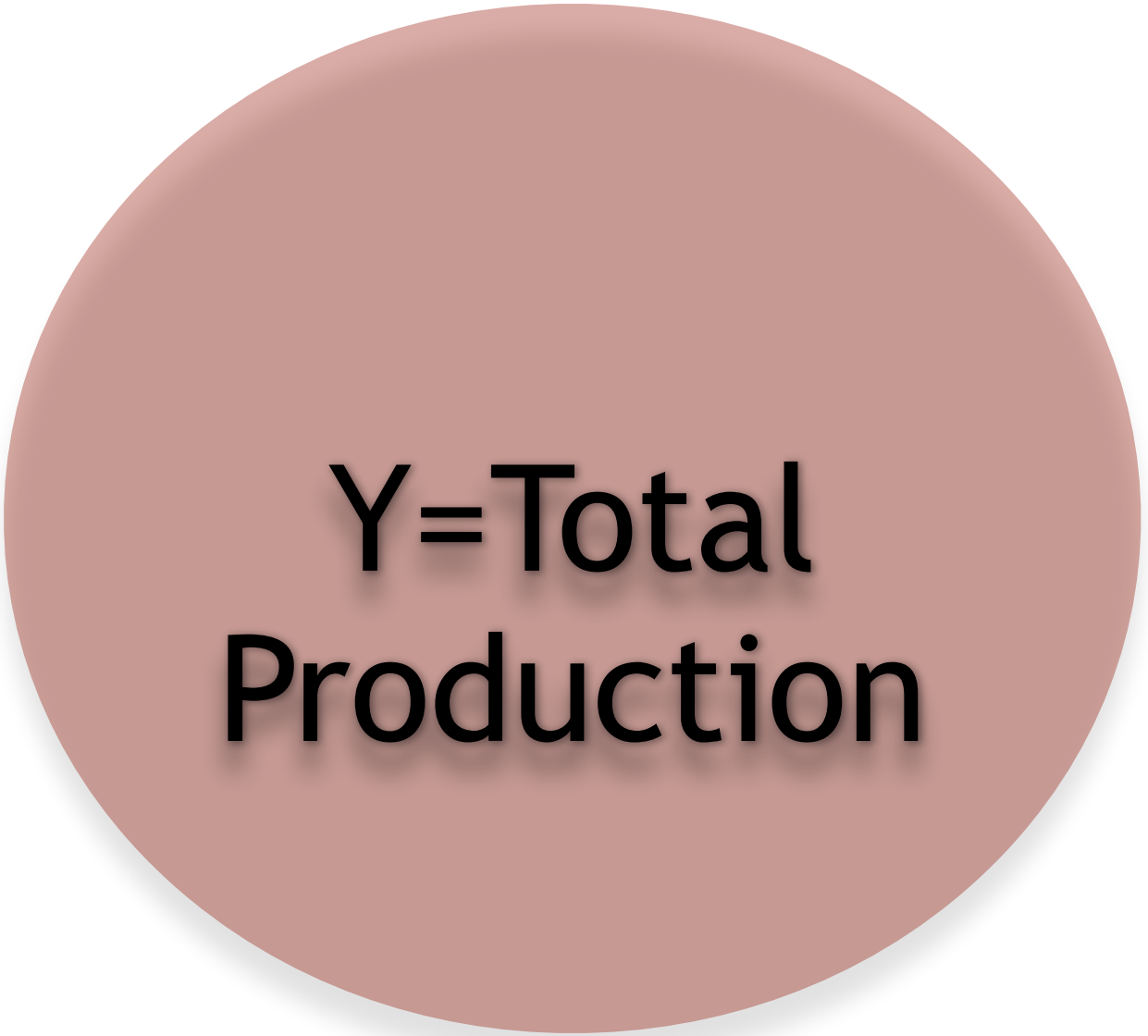


[REDACTED]

[REDACTED]




$$AE = C + I + G + NX$$

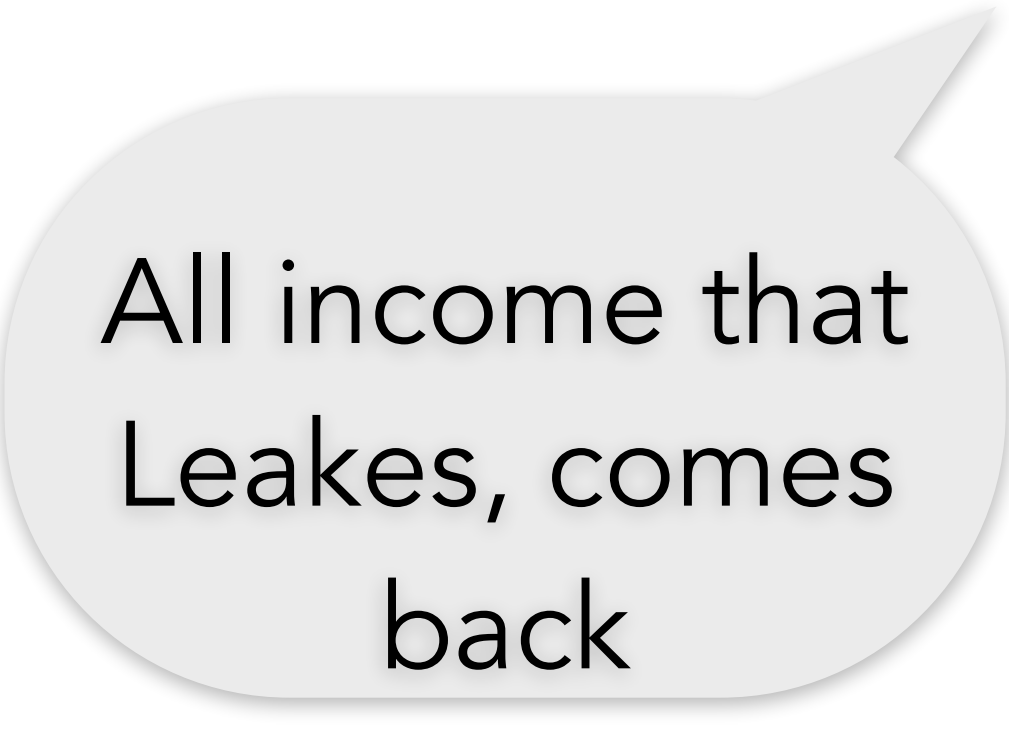


$Y = \text{Total Production}$

Spending Leakages = Spending Injections

Savings + Taxes + Imports = Investment + Gov. Spending + Exports

Inventories do not change



All income that
Leakes, comes
back

3



4

5

6

$X = 3$ $M = 5$ Trade Deficit $= -2$

$G = 7$ $T_x = 6$ Budget Deficit $= 1$

3



$S + Tx + M = I + G + X$

If

Savings + Taxes + Imports = Investment + Gov. Spending + Exports

$$S + Tx + M = I + G + X \quad X = 3 \quad M = 5 \quad \text{Trade Deficit} = -2$$
$$3 + 6 + 5 = 4 + 7 + 3 \quad G = 7 \quad Tx = 6 \quad \text{Budget Deficit} = 1$$

Spending Leakages = Spending Injections

All income that
Leakes, comes
back

$$AE = C + I + G + NX$$

=

Y = Total
Production

Inventories do not change

If