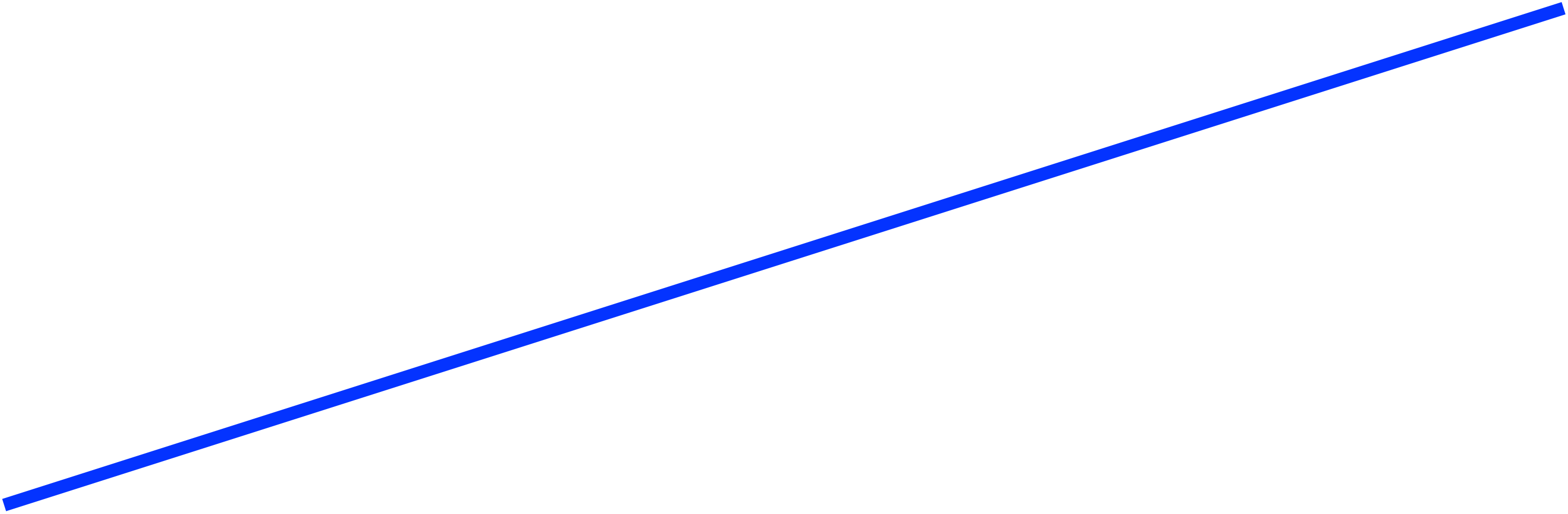


A

E





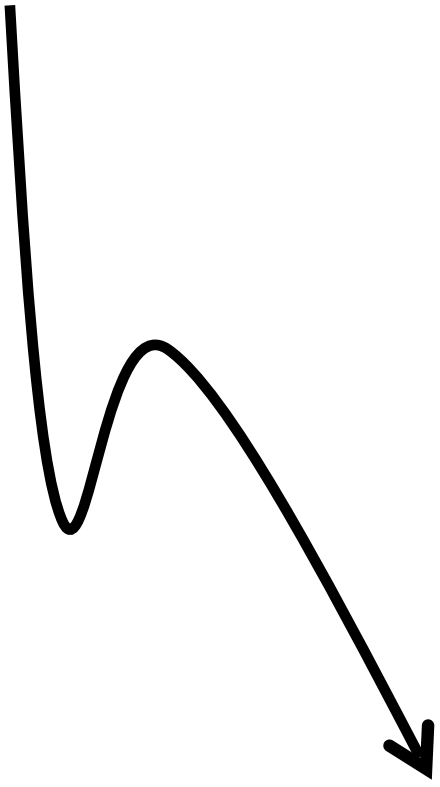


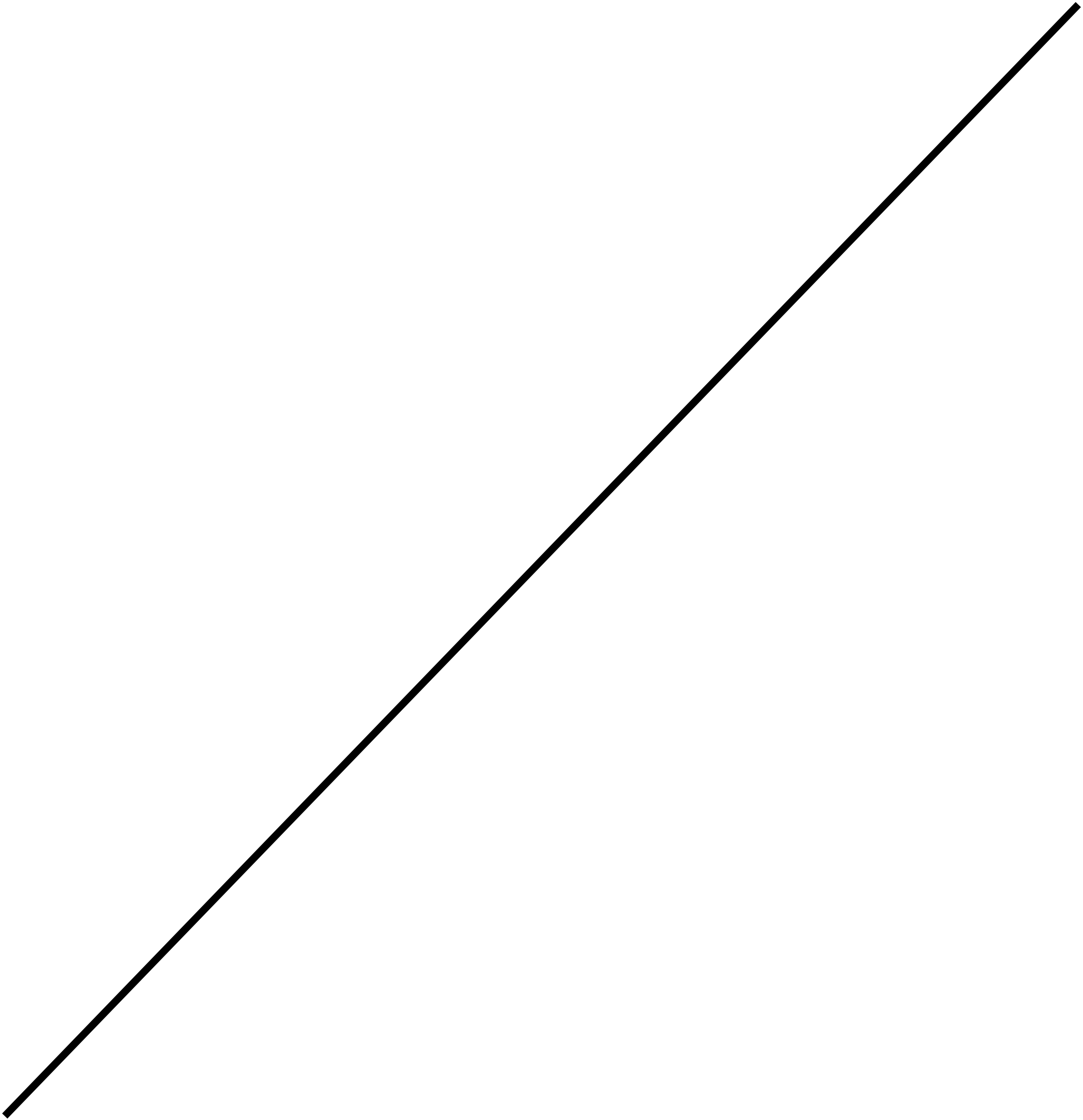


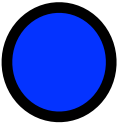


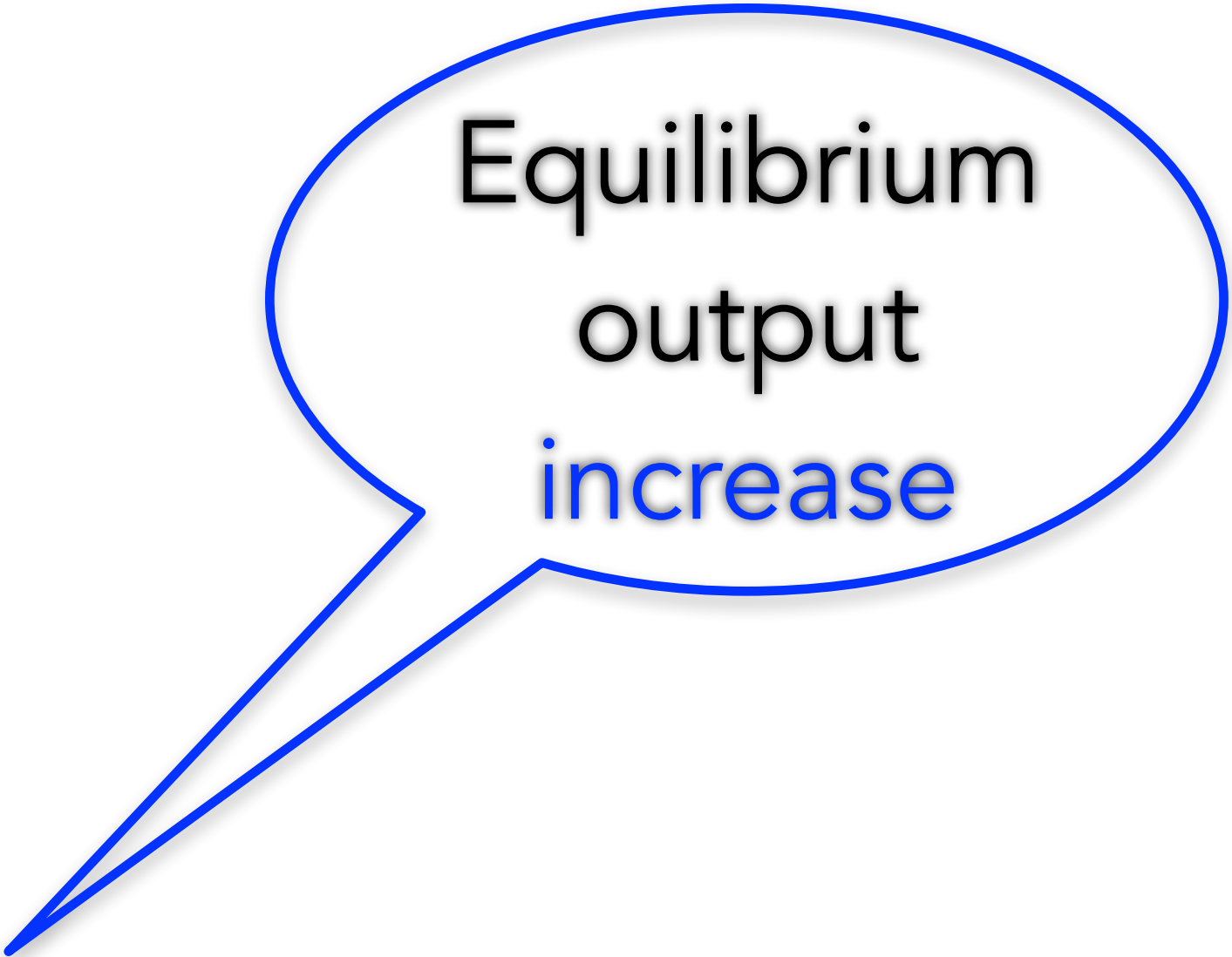
Higher  $Y^*$

Equilibrium







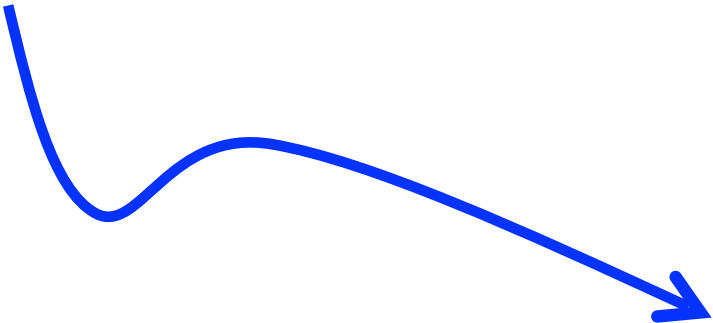


Equilibrium  
output  
increase









**AE O**

GDP/Income



Unemployment  
decrease





Total

Production

Total  
Purchases



Inventories  
fall



A

E

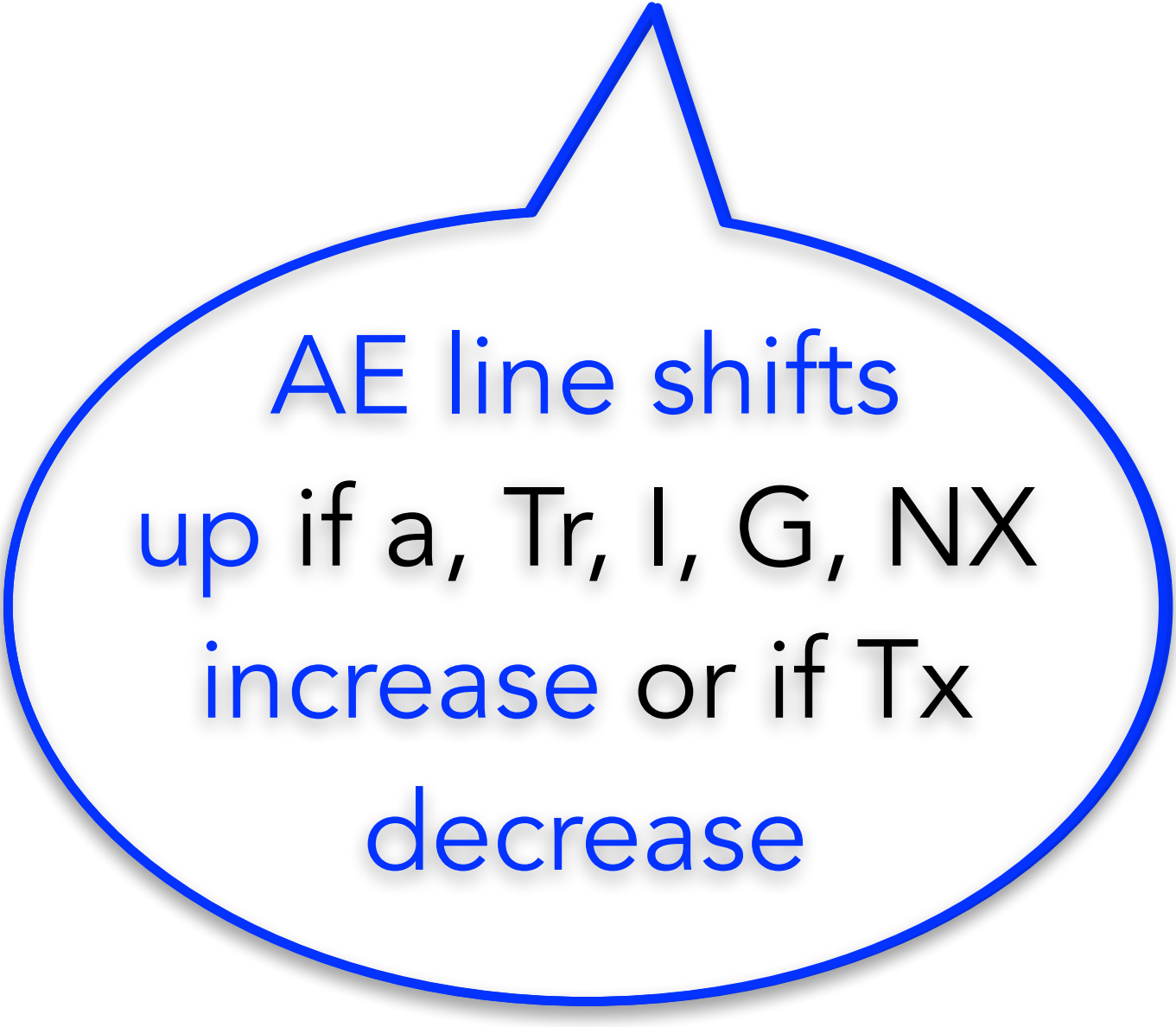
1

Y

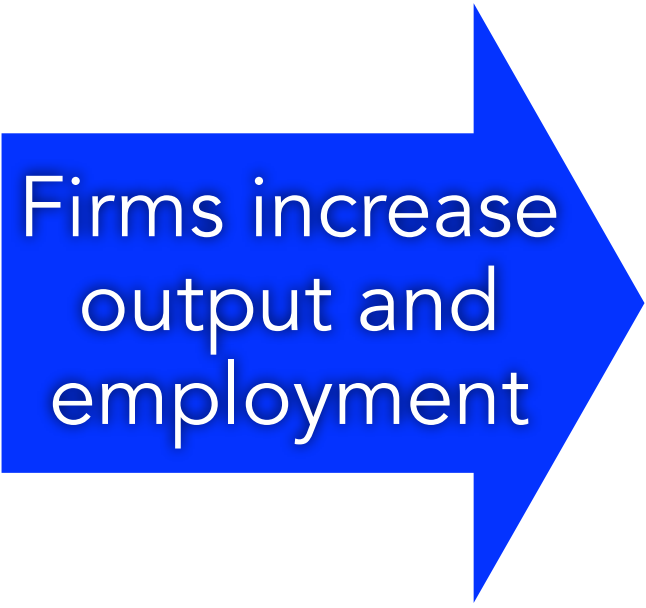
O

\*

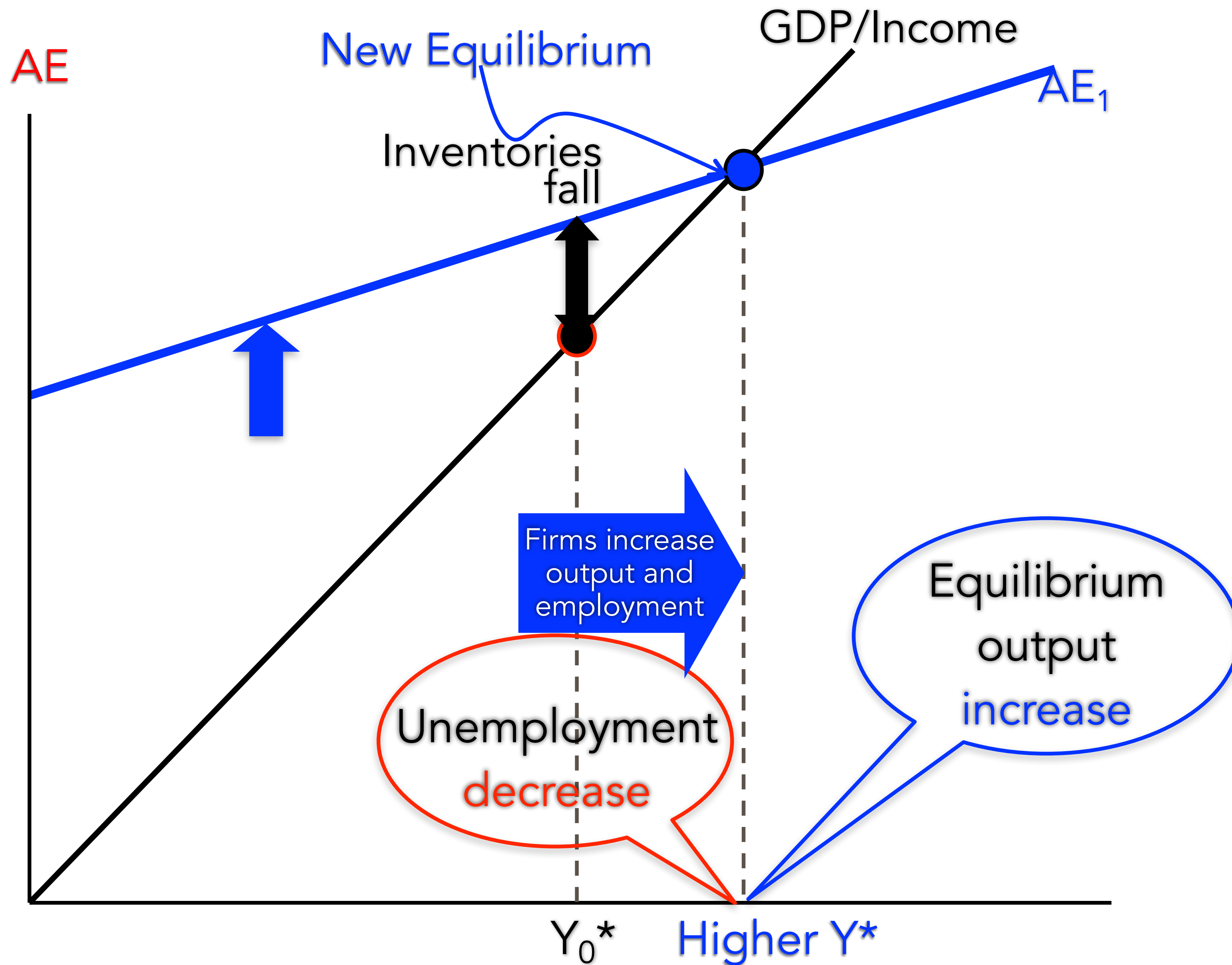
New Equilibrium



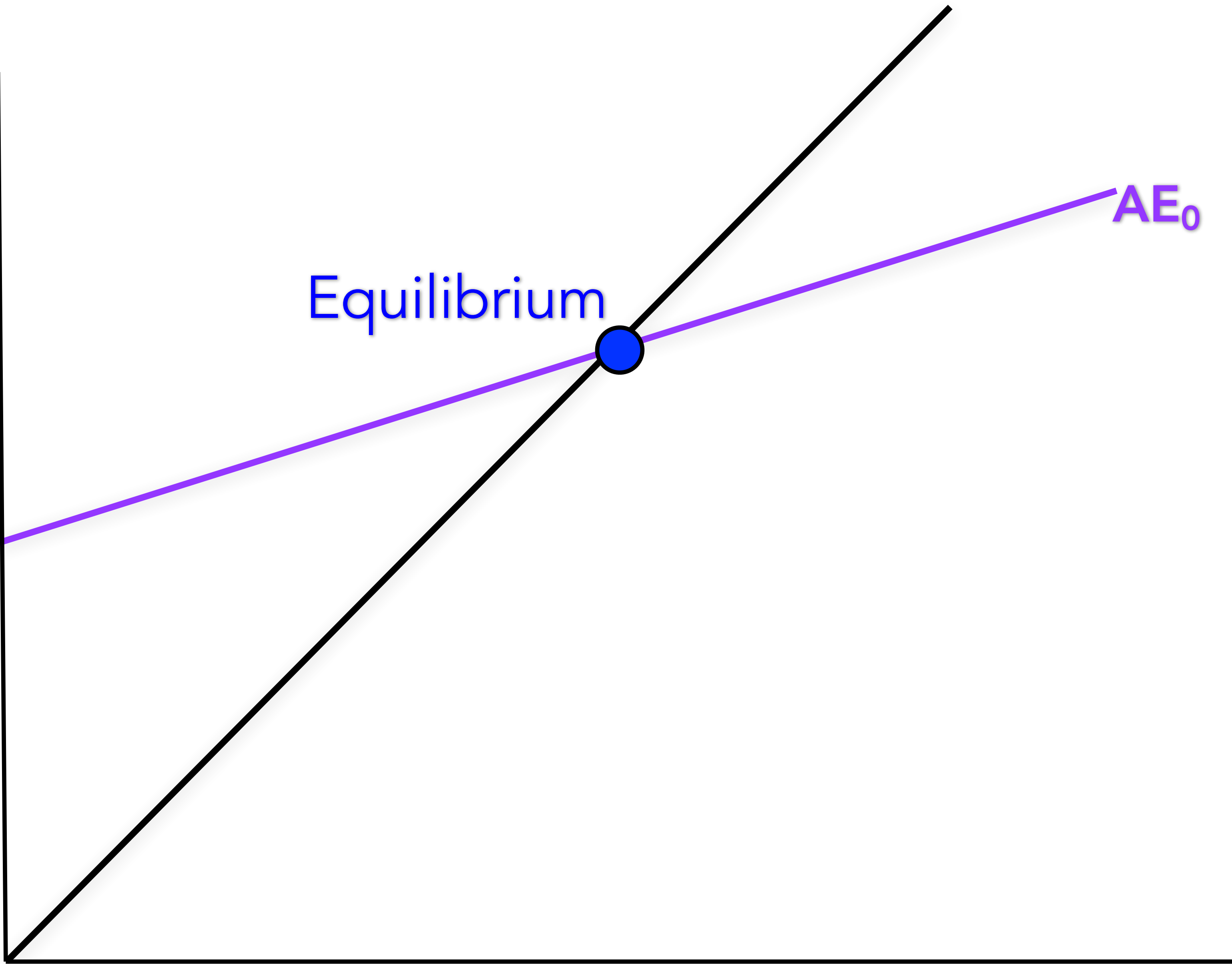
AE line shifts  
up if  $a$ ,  $Tr$ ,  $I$ ,  $G$ ,  $NX$   
increase or if  $T_x$   
decrease



Firms increase  
output and  
employment



AE



Equilibrium

$AE_0$