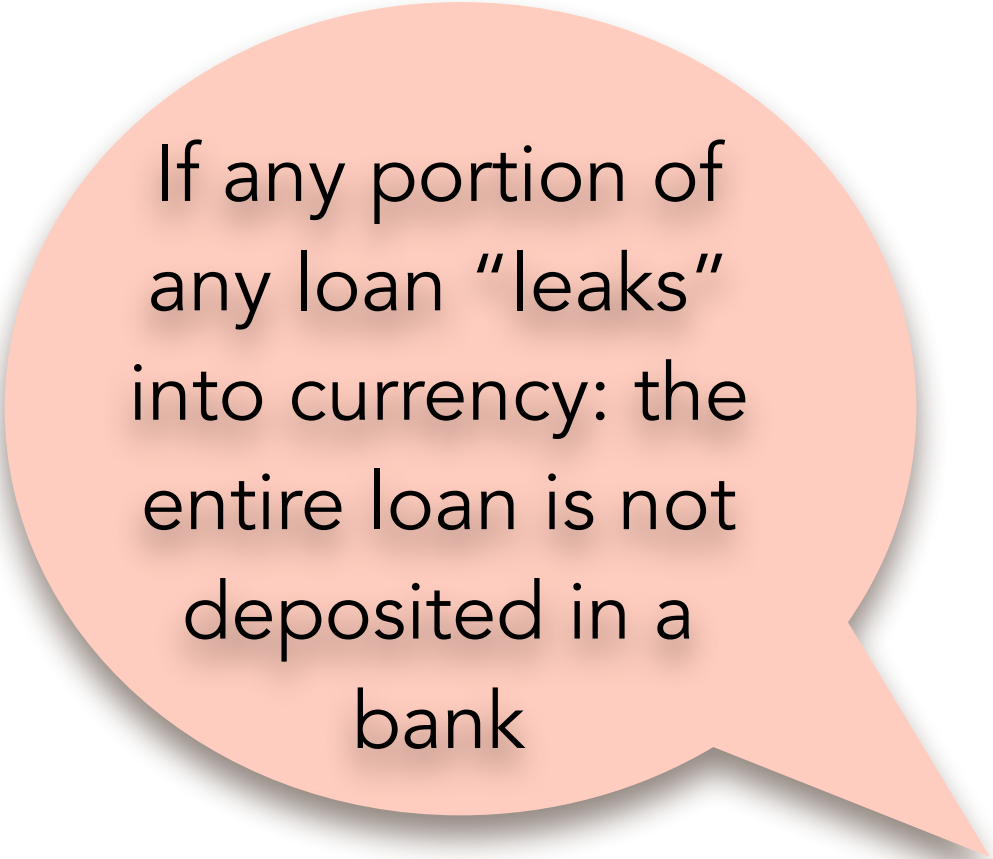


$$\Delta D = \Delta R \times \frac{1}{r}$$



If any portion of
any loan “leaks”
into currency: the
entire loan is not
deposited in a
bank

ΔM^s is smaller than

Δ Currency is not zero

Δ Deposits is smaller than

$$\Delta D = \Delta R \times \frac{1}{r}$$

Banks are given less money to multiply via loans

$$\Delta M^s = \Delta \text{Currency} + \Delta \text{Deposits}$$

If any portion of any loan “leaks” into currency: the entire loan is not deposited in a bank

Banks are given less money to multiply via loans

$\Delta \text{Deposits}$ is smaller than $\Delta D = \Delta R \times \frac{1}{r}$

$\Delta \text{Currency}$ is not zero

ΔM^s is smaller than $\Delta D = \Delta R \times \frac{1}{r}$

$\Delta M^s = \Delta \text{Currency} + \Delta \text{Deposits}$