

| MPC | G Multiplier | Tax Multiplier |
|------|--------------|----------------|
| 0.95 | 20.00 | -19.00 |
| 0.9 | 10.00 | -9.00 |
| 0.85 | 6.67 | -5.67 |
| 0.8 | 5.00 | -4.00 |
| 0.75 | 4.00 | -3.00 |
| 0.7 | 3.33 | -2.33 |
| 0.65 | 2.86 | -1.86 |
| 0.6 | 2.50 | -1.50 |
| 0.55 | 2.22 | -1.22 |
| 0.5 | 2.00 | -1.00 |

The
smaller
the
MPC



+

+

+

+

+

+

+

+

+

+



1

1

1

1

1

1

1

1

1

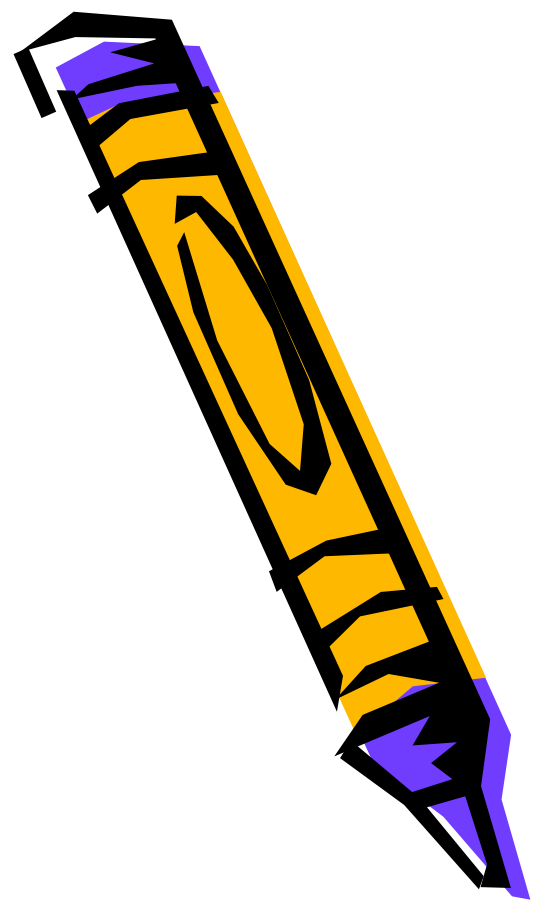
1



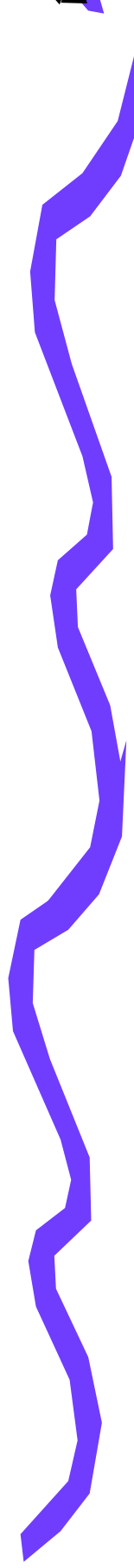
The
smaller
the

Multipliers





| | | | | |
|------------------------------|------|--------------|--------------------------------------|----------------|
| The smaller the MPC | MPC | G Multiplier | The smaller the Multipliers | Tax Multiplier |
| | 0.95 | 20.00 | | -19.00 |
| | 0.9 | 10.00 | | -9.00 |
| | 0.85 | 6.67 | | -5.67 |
| | 0.8 | 5.00 | | -4.00 |
| | 0.75 | 4.00 | | -3.00 |
| | 0.7 | 3.33 | | -2.33 |
| | 0.65 | 2.86 | | -1.86 |
| | 0.6 | 2.50 | | -1.50 |
| | 0.55 | 2.22 | | -1.22 |
| | 0.5 | 2.00 | | -1.00 |



AUTOMATIC STABILIZERS

Make Disposable Income and
Consumer spending **less sensitive**
to fluctuations in GDP

