





AE

Total
Production



Total Production (Y)

AE



AE = C + I + G + X - N

Total Production (Y)

[REDACTED]

[REDACTED]

If
Spending Leakages
are equal to
Spending Injections

Inventories
Decrease

Production

AE

Production

Spending
Injections

$I+G+X$

larger than

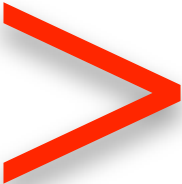
Spending
Leakages

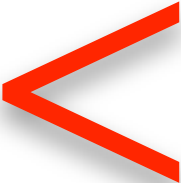
$S+T+M$

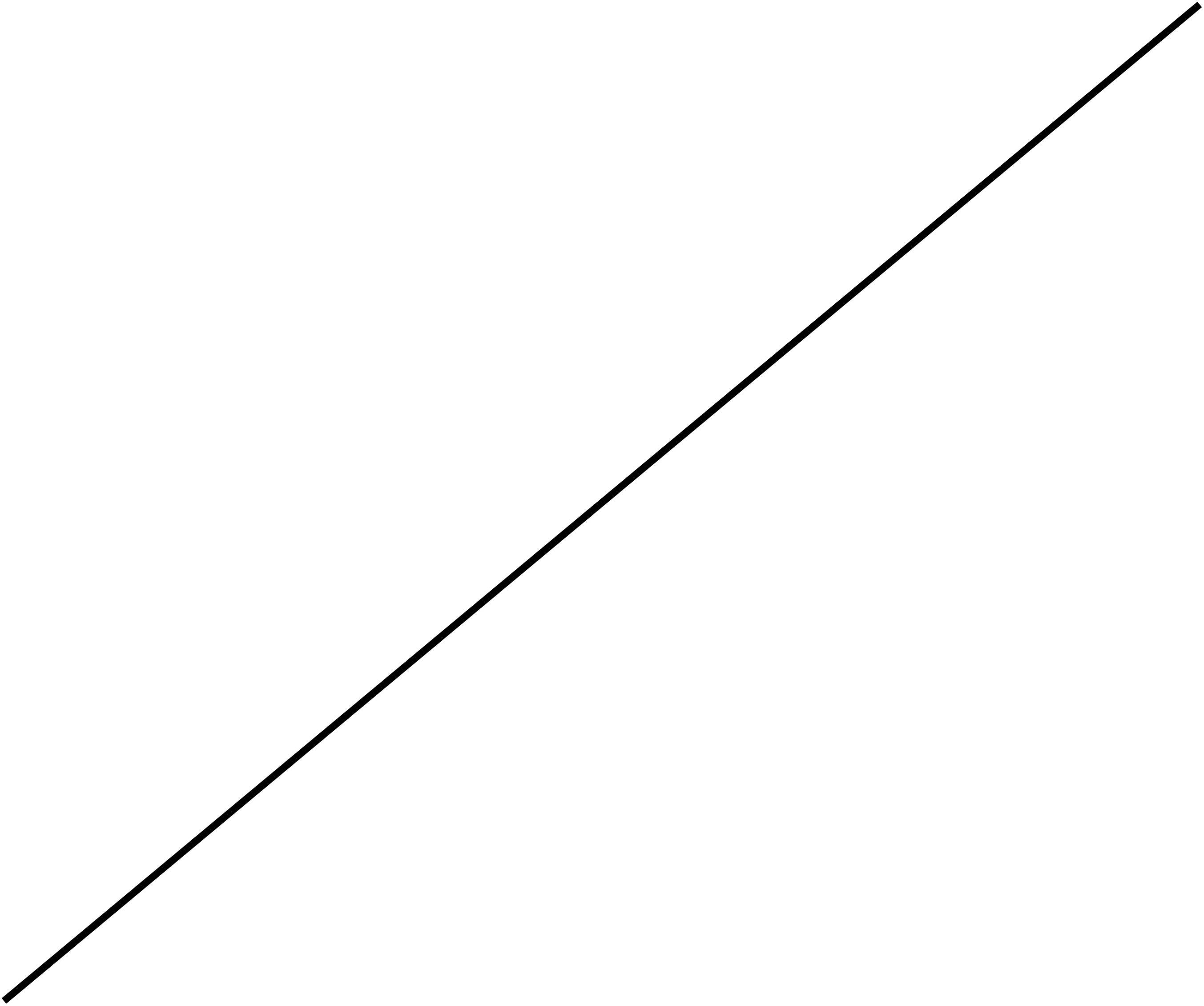
Spending
Leakages
 $S+T+M$

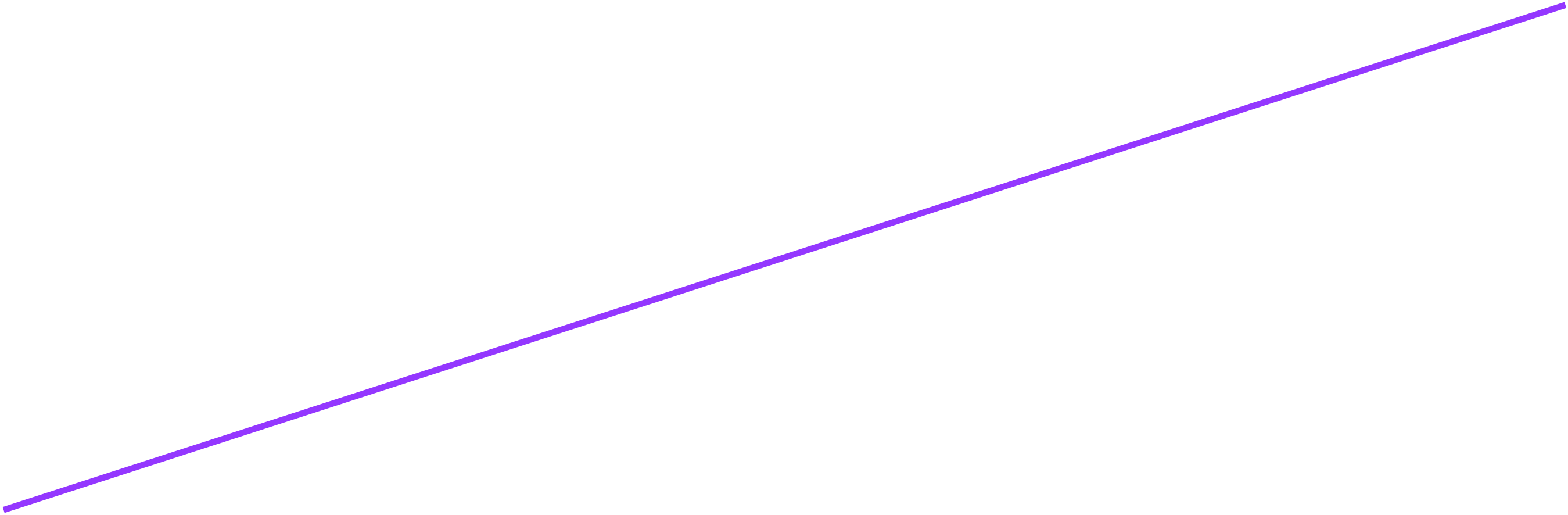
larger than
Spending
Injections
 $I+G+X$

Aggregate Expenditures











Aggregate
Expenditures

=

Production



Too much spending



Too little spending

Inventories
Increase

More Income leaves
than is injected

More income is injected than leaves

More income is injected than **leaves**

