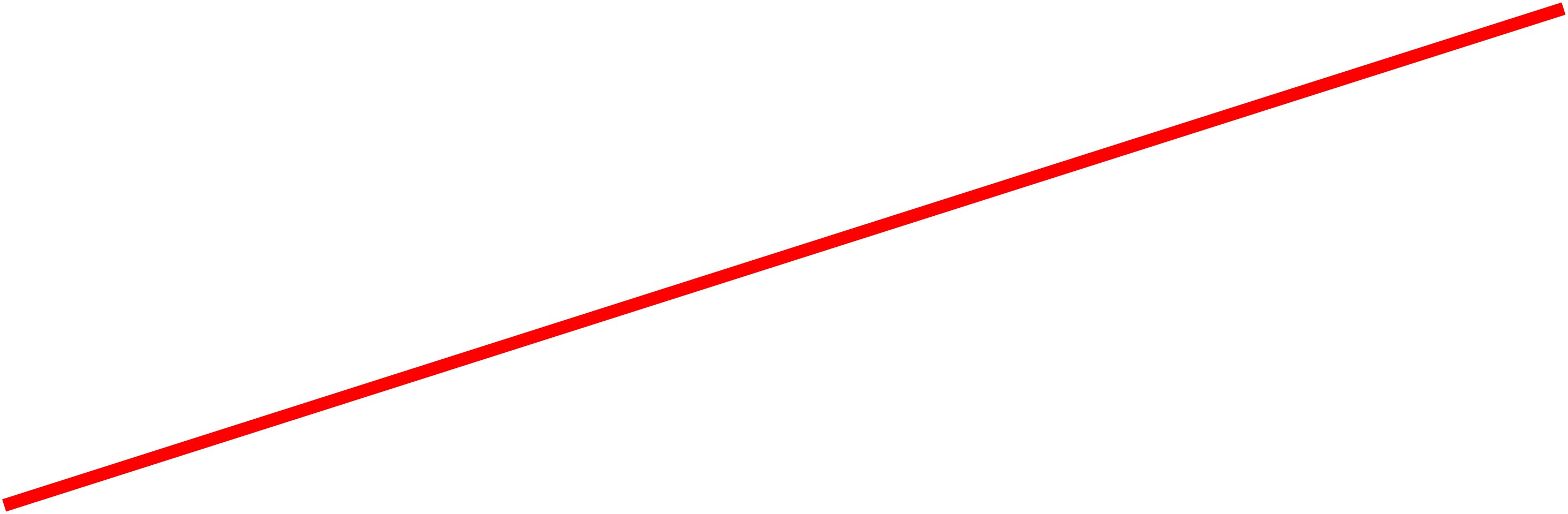


A

E



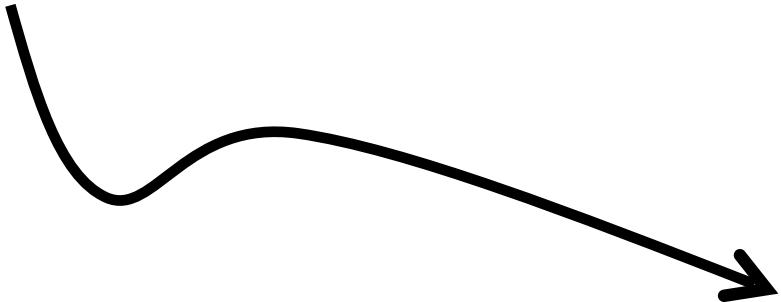


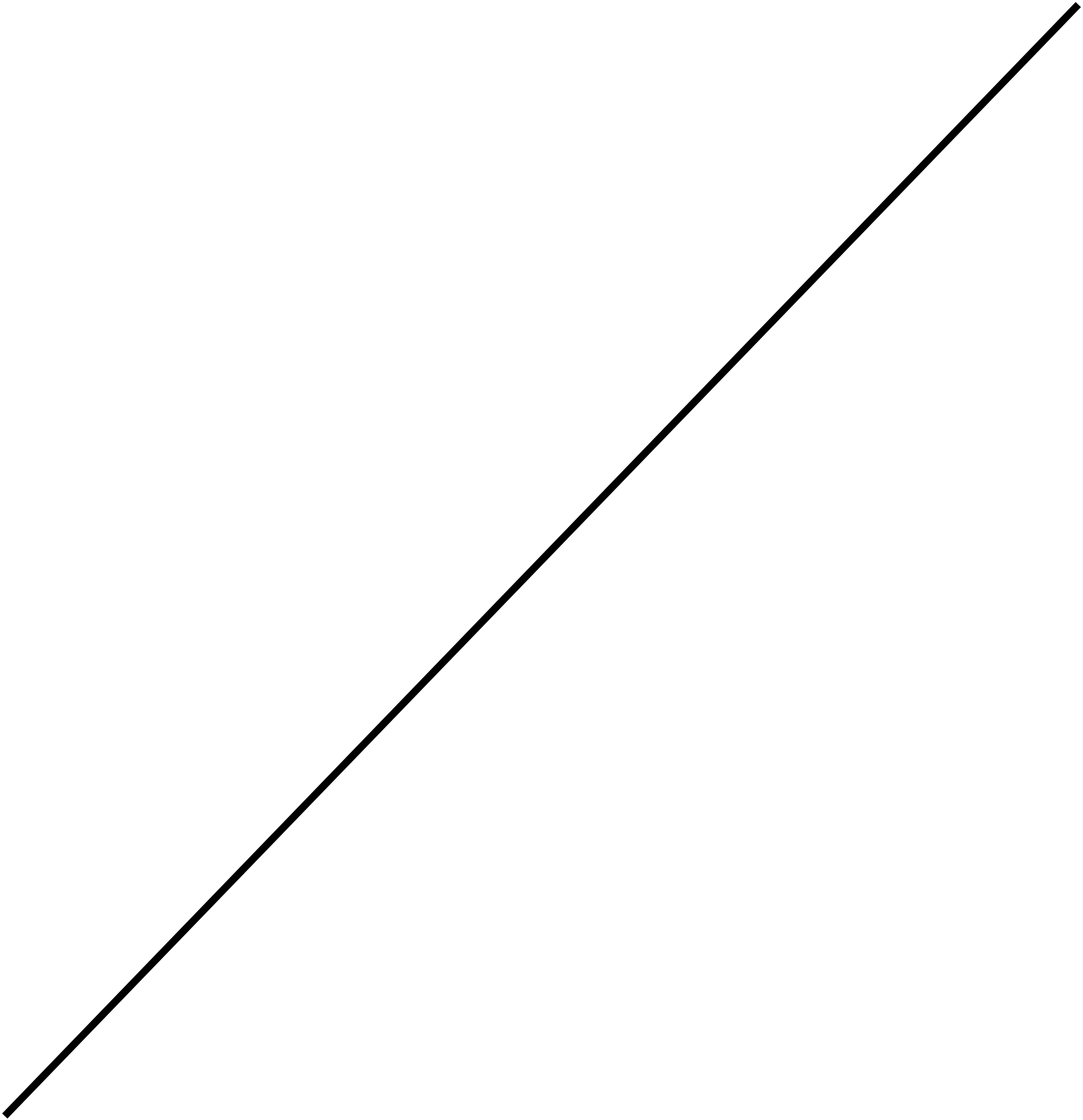


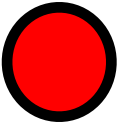


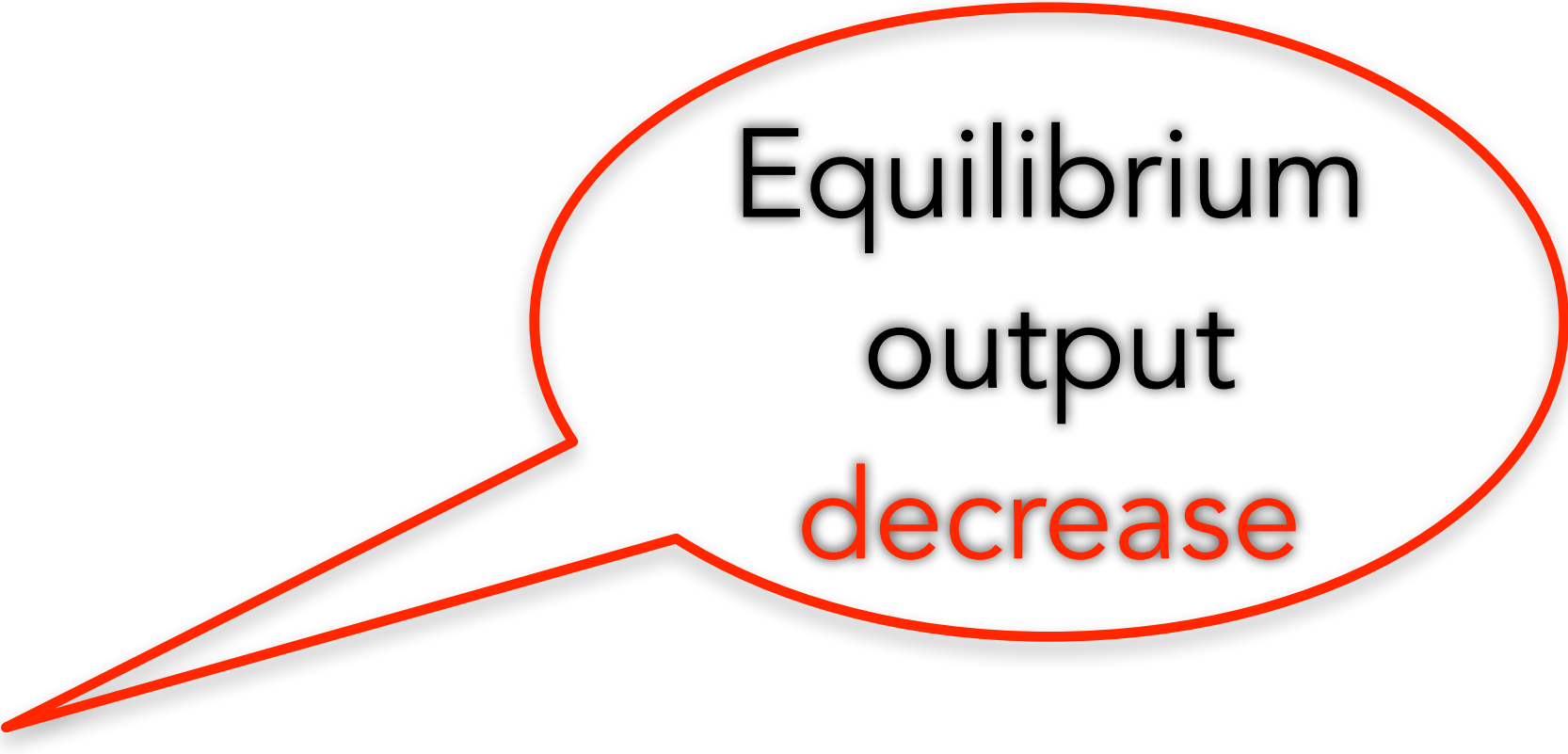
Lower Y^*

Equilibrium





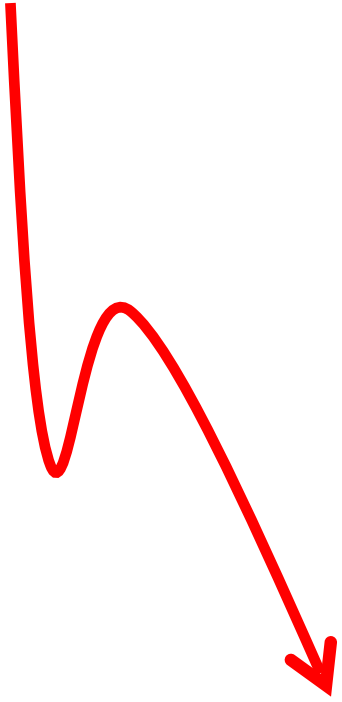




Equilibrium
output
decrease







AE O

GDP/Income



Unemployment
increase





Total

Production

Total
Purchases



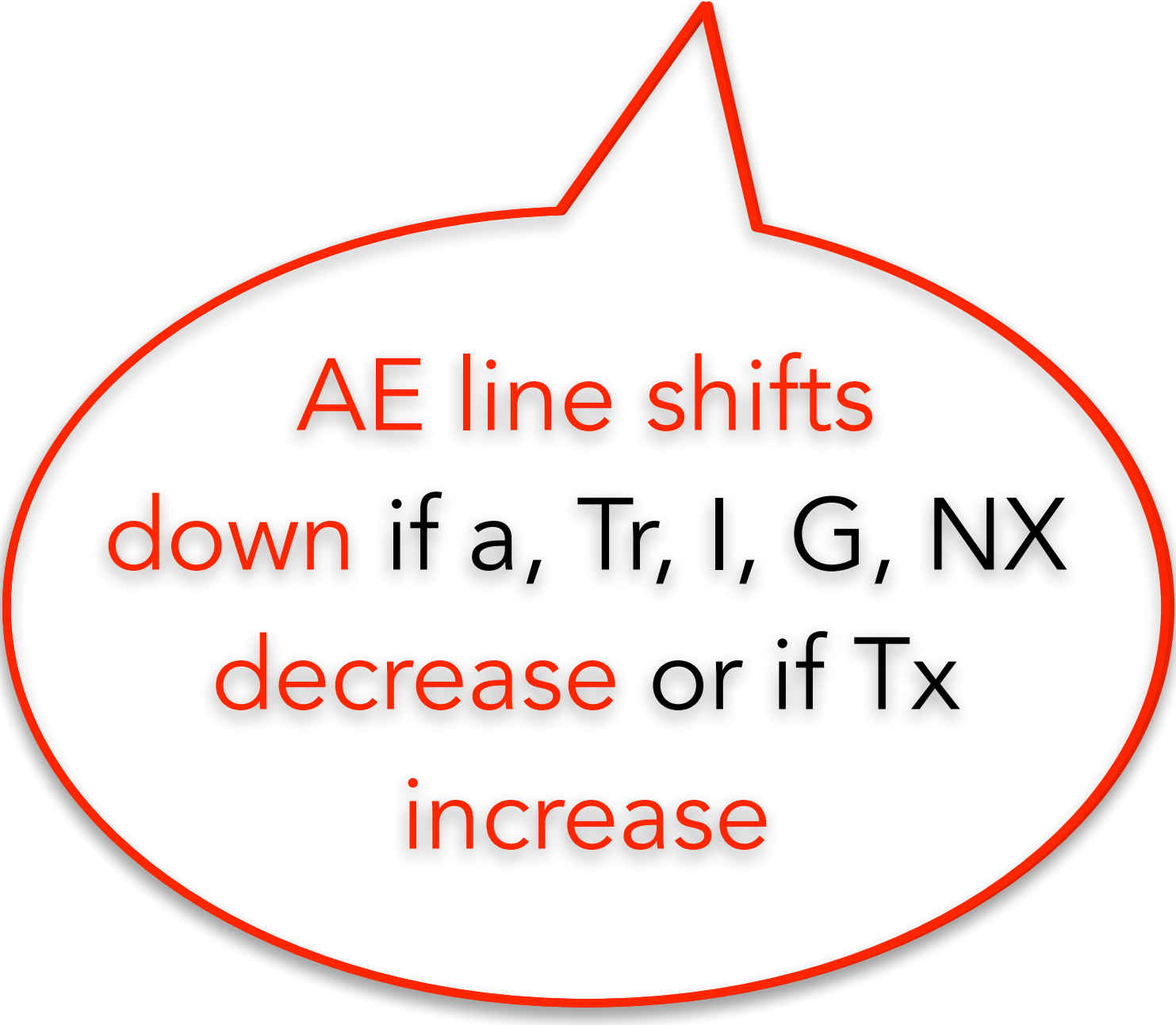
Inventories
rise

AE₁

Y


O

*



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

New Equilibrium

A large red arrow pointing to the left, with the text "Firms decrease output and employment" written inside in white.

Firms decrease
output and
employment

