



An **decrease** in Government Spending results  
in **lower** GDP and **lower** Prices

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graph TD; A[ ] --> B[Recession]; A --> C[Deflation]; B --> D[Higher Unemployment];
```

Recession

Deflation

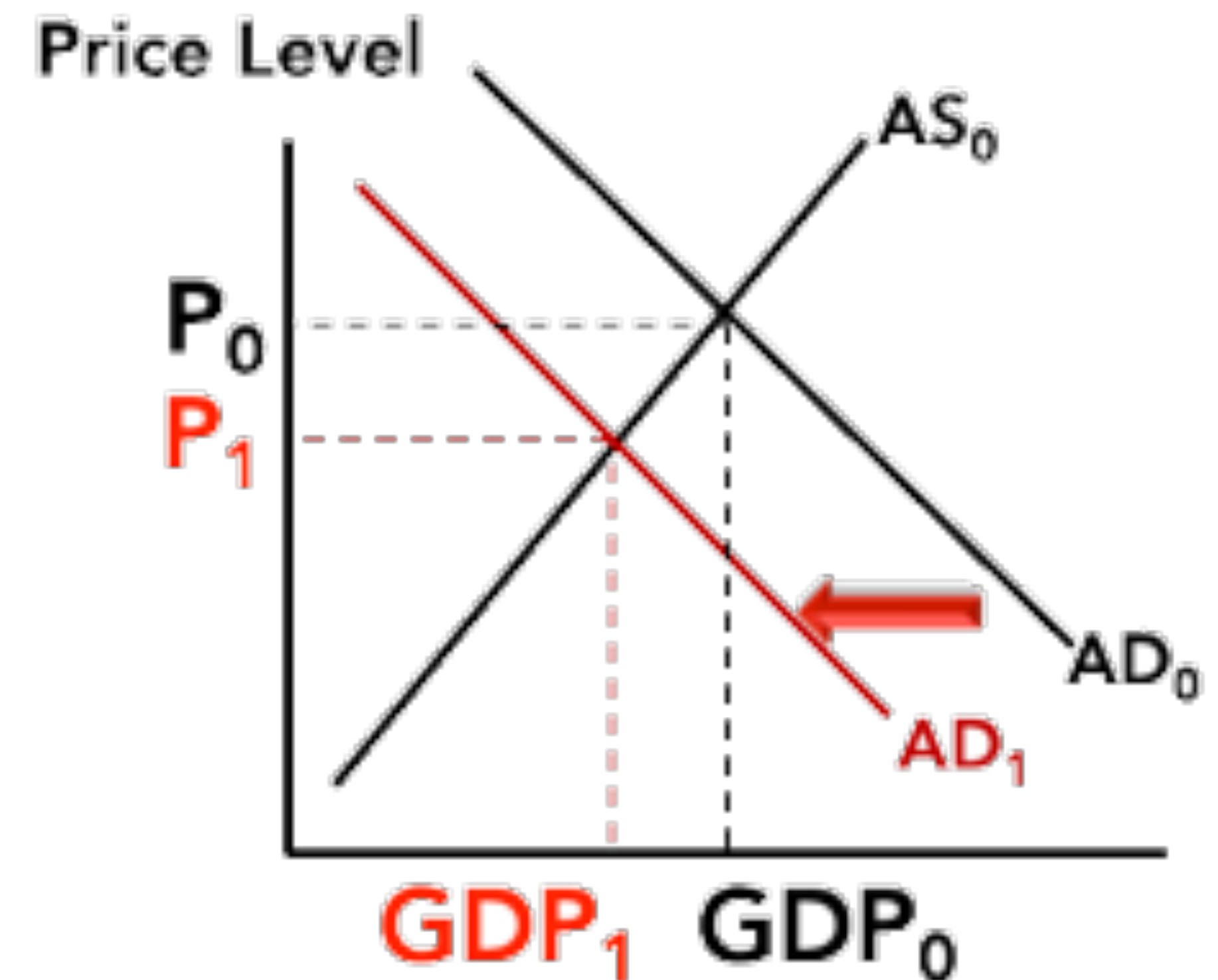
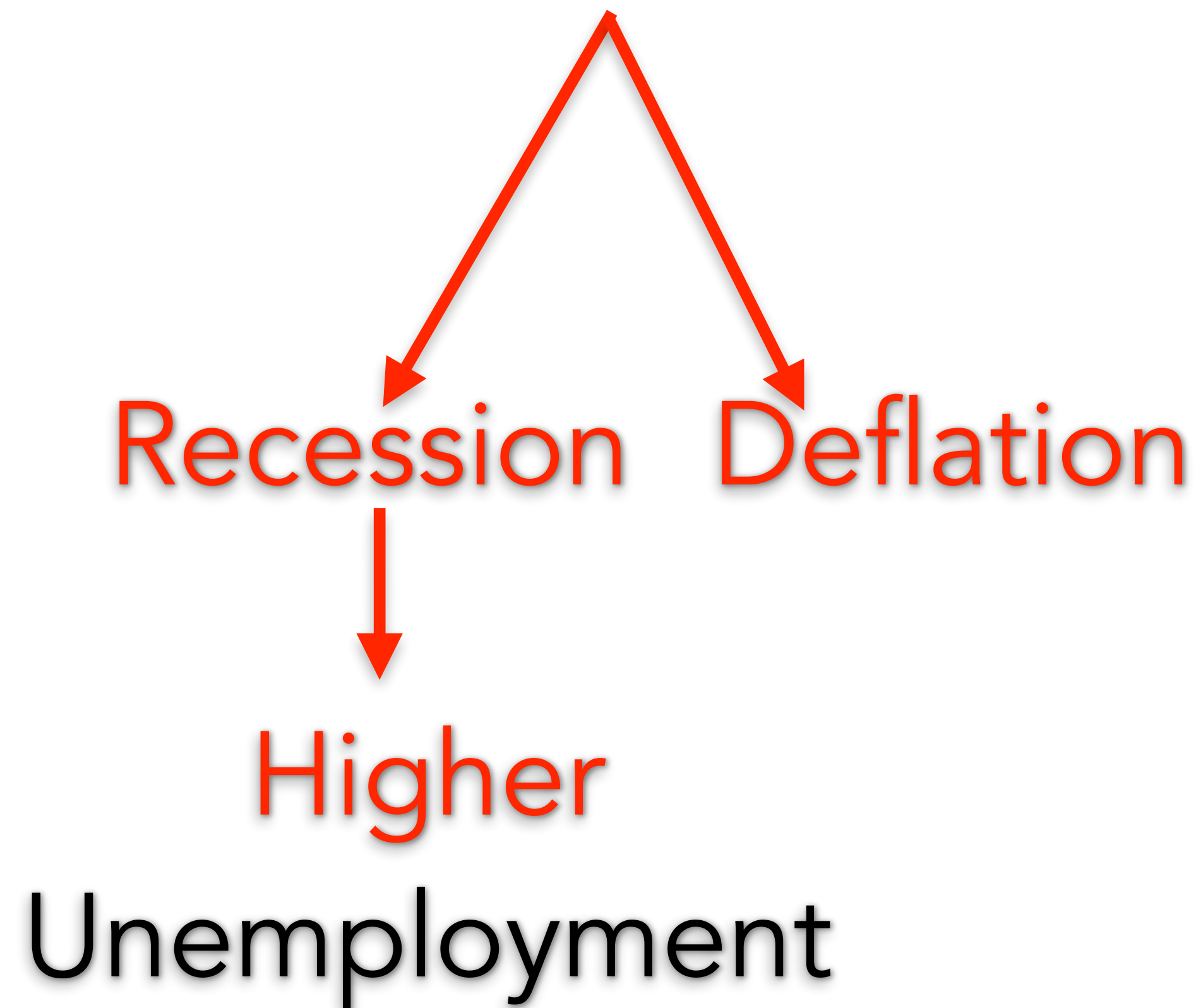
Higher

Unemployment

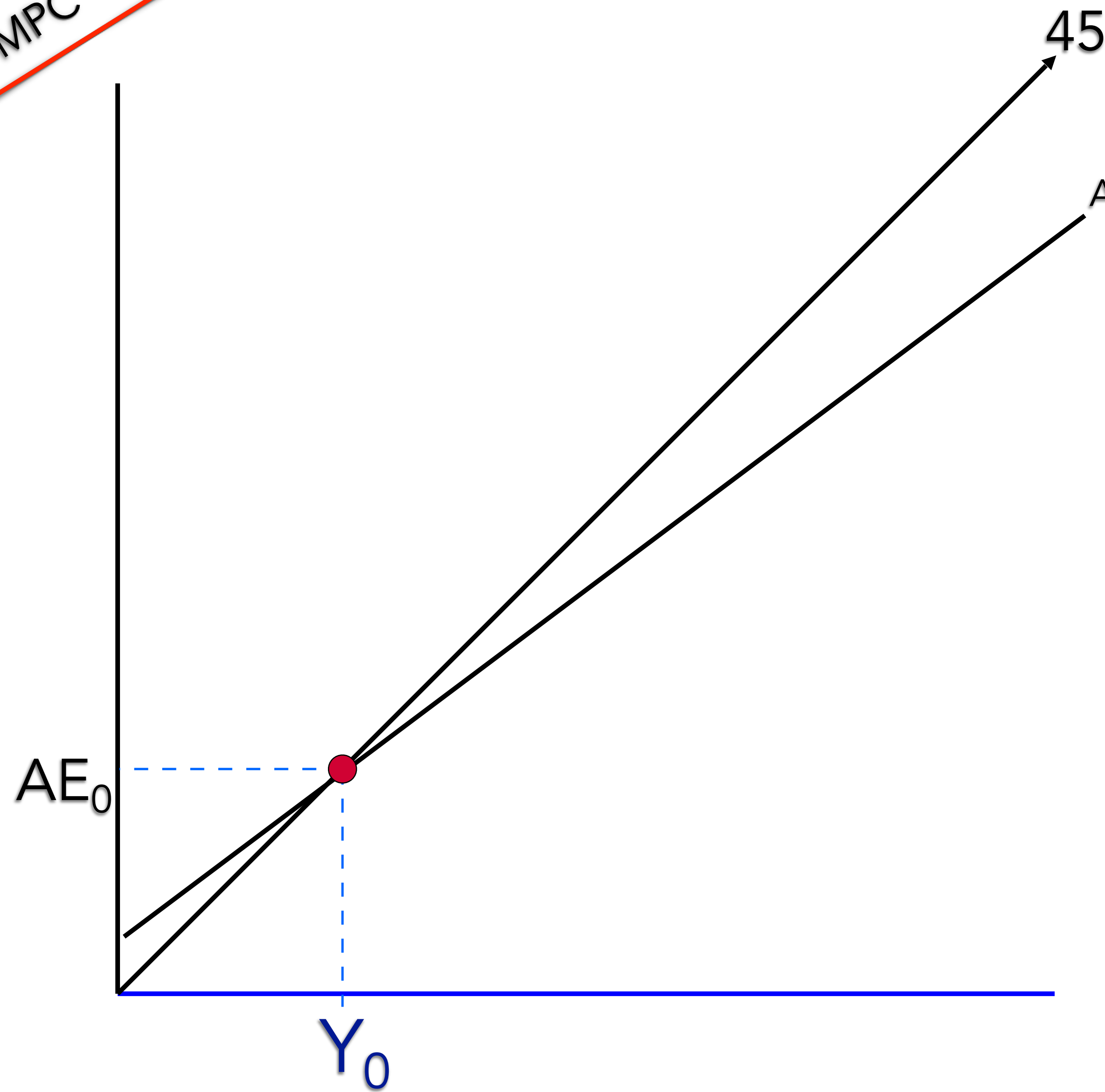
Price Level



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$MPC = 0.75$



Price Level  
(CPI)

