







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**

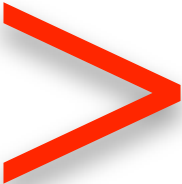
Spending  
Leakages

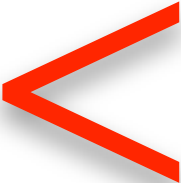
$S+T+M$

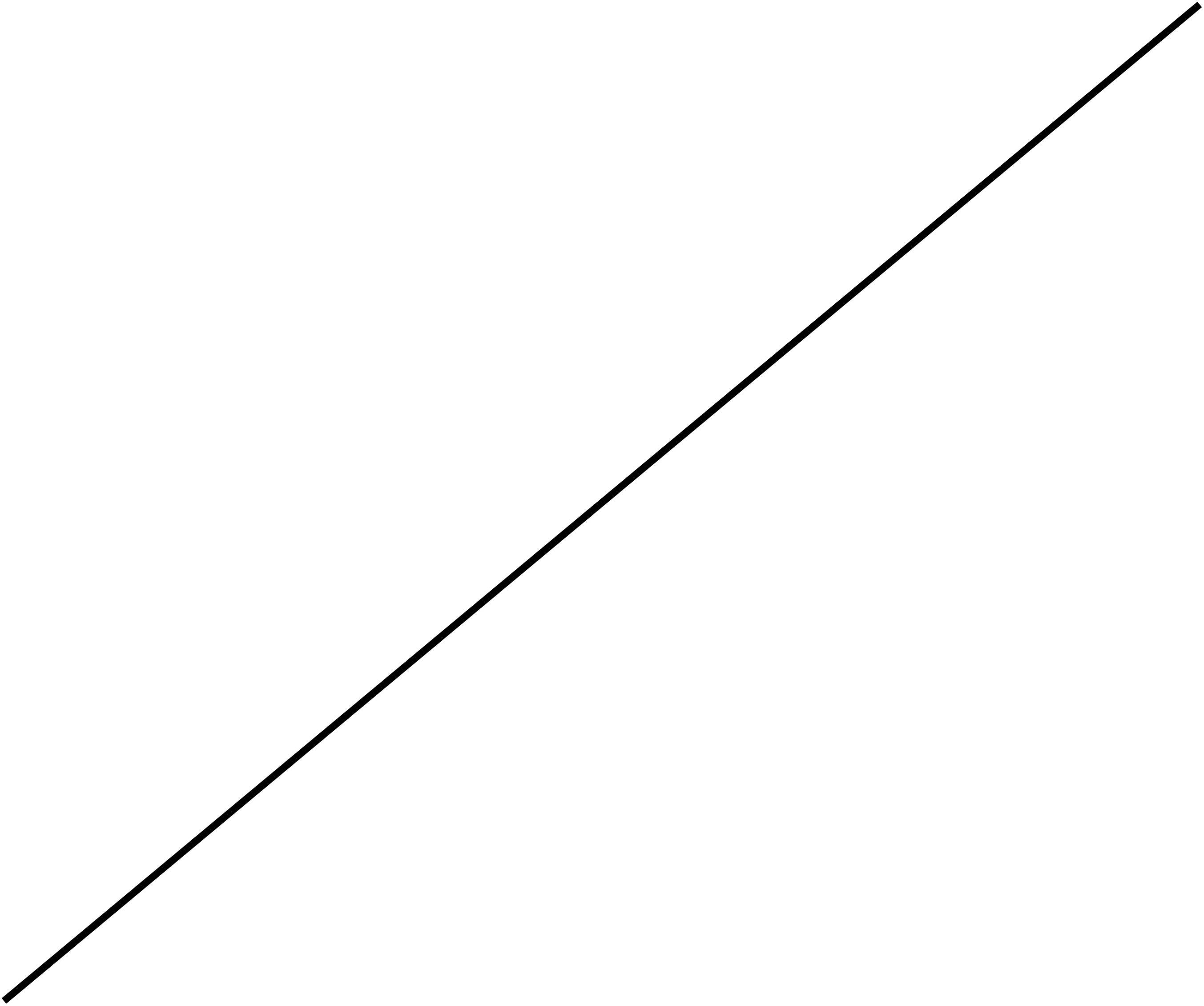
Spending  
Leakages  
 $S+T+M$

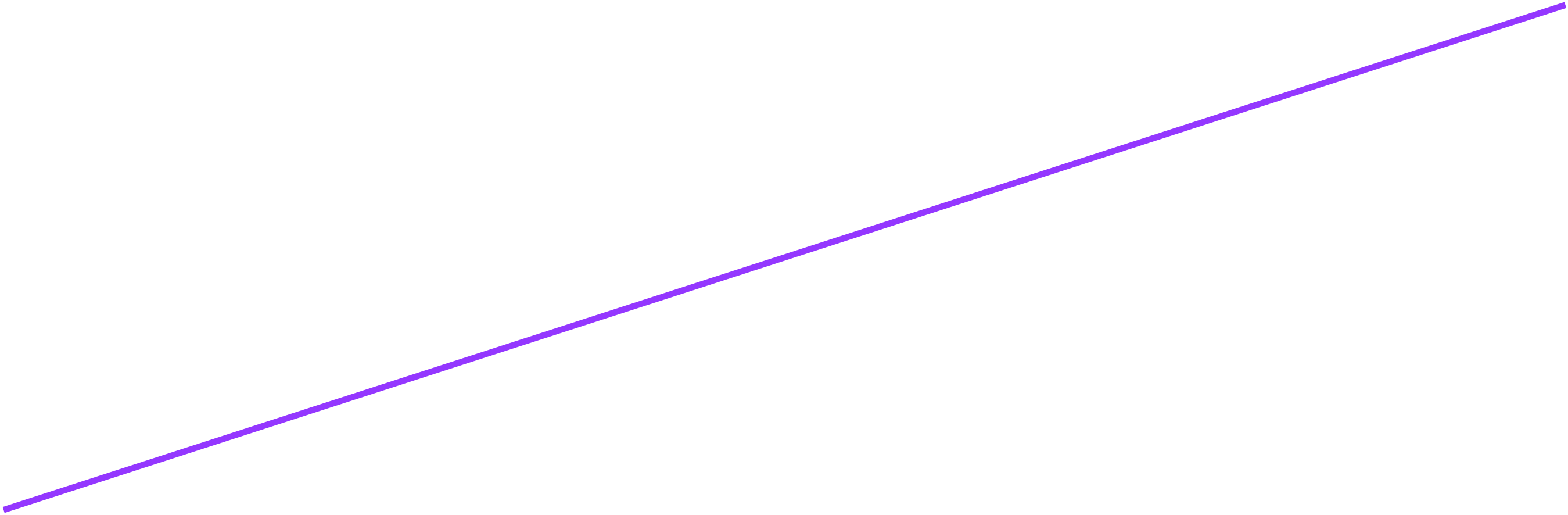
**larger than**  
Spending  
Injections  
 $I+G+X$

# 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**

