Can the Government increase GDP without increasing the budget deficit?

Consumers spend less

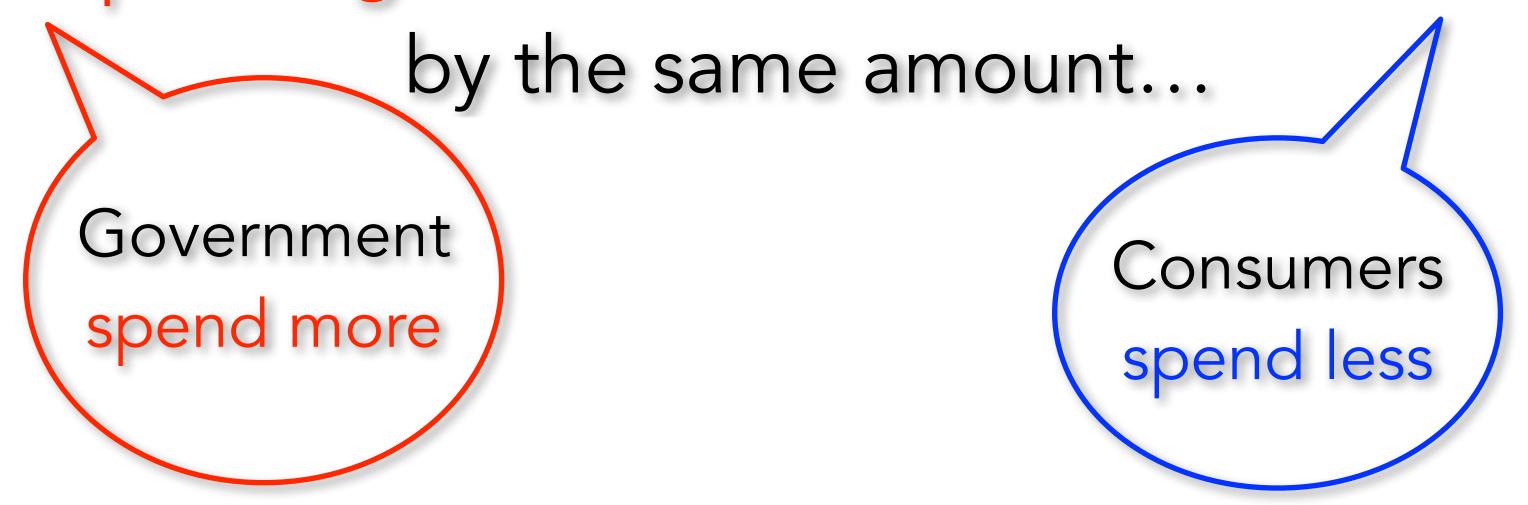
To avoid increasing the deficit, the government can increase spending but then it would have to increase taxes by the same amount...



Wouldn't the effects cancel each other?

Can the Government increase GDP without increasing the budget deficit?

To avoid increasing the deficit, the government can increase spending but then **it would have** to increase taxes



Wouldn't the effects cancel each other?

Let's work an example where the government increase spending and at the same time it increase taxes by the same amount...