(a) Consumption function

(b) Saving function
Equilibrium Expenditure, Figure 10.6

(a) Equilibrium expenditure

(b) Unplanned inventory changes

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The Multiplier, Figure 10.7

A $0.5 trillion increase in investment ...

... increases real GDP by $2 trillion

Aggregate expenditure (trillions of 1996 dollars)

Real GDP (trillions of 1996 dollars)
When the slope of the AE curve is 0.75, the multiplier is $\frac{1}{1 - 0.75} = 4$

When the slope of the AE curve is 0.5, the multiplier is $\frac{1}{1 - 0.5} = 2$

(a) Multiplier is 4

(b) Multiplier is 2
A Change in Aggregate Demand, Figure 10.11

A $1 trillion increase in investment increases aggregate planned expenditure...

(a) Aggregate expenditure

(b) Aggregate demand
The Multiplier in the Short Run, Figure 10.12

(a) Aggregate expenditure

(b) Aggregate demand

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The Multiplier in the Long Run, Figure 10.13

(a) Aggregate expenditure

(b) Aggregate demand