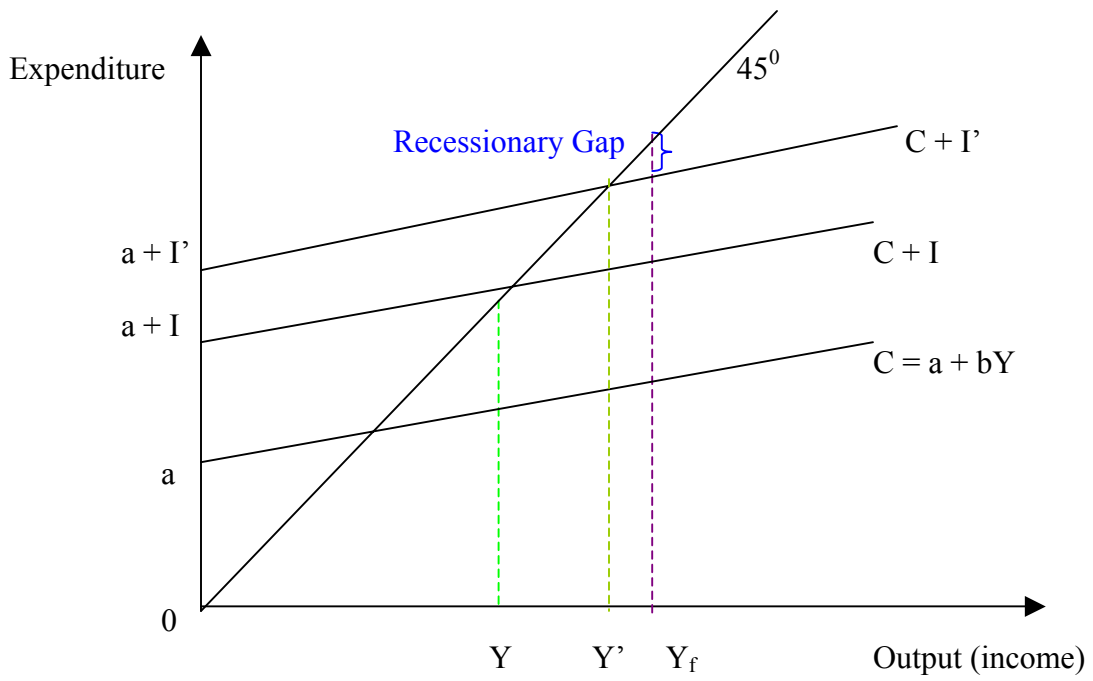


Conventional Model

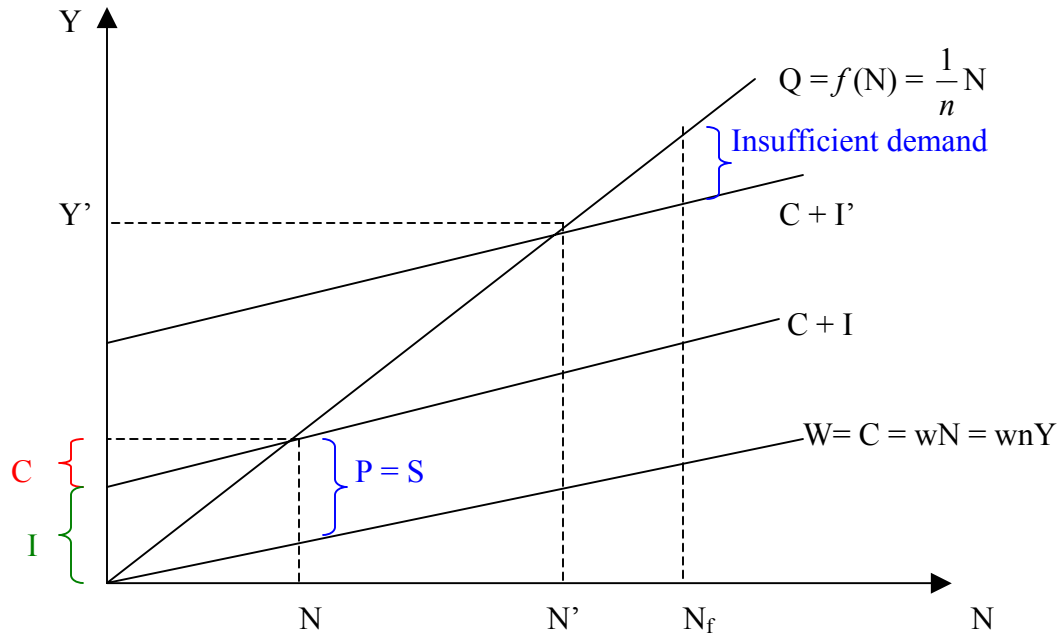


$$b = mpc = \frac{\Delta C}{\Delta Y} = \text{slope}$$

$$Y = \frac{1}{1-b}(a + I)$$

$$\frac{1}{1-b} = \text{multiplier}$$

Alternative Model



$$Y = \text{income} = W + P$$

$$Y = \text{output} = Q = f(N) = \frac{1}{n}N$$

$$Y = \text{expenditure} = C + I$$

$$\text{Multiplier} = \frac{1}{1 - wn} = \frac{1}{\text{mark-up}}$$