

## 3 MULTIPLIERS

### SPENDING MULTIPLIER

$$\text{Multiplier (m)} = \frac{1}{1-\text{MPC}} = \frac{1}{\text{MPS}}$$
$$\text{Total increase in National Income} = \text{Initial Injection} \times \text{Multiplier}$$

### TAX MULTIPLIER

Macro 3.11- Multiplier and Taxes Practice

**\*Tip\***  
You can also use the TAX MULTIPLIER to calculate the total change in spending from a change in taxes:

$$\text{Tax Multiplier} = \text{MPC}/\text{MPS}$$
$$\text{Total Change in Spending} = \text{Initial Tax Change} \times \text{Tax Multiplier}$$

### Money Multiplier

$$m = \frac{1}{RR}$$