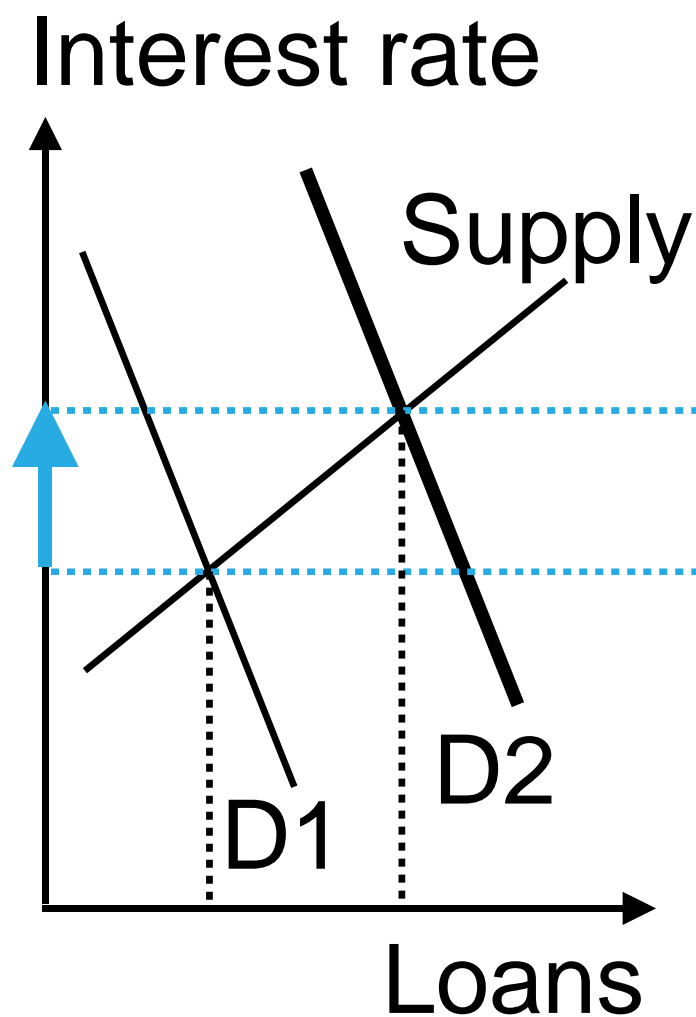


13.7 Crowding-out effect

An increase in government borrowing causes a reduction in private spending (C or I) due to an increase in interest rates.

Market for loans



Private spending

