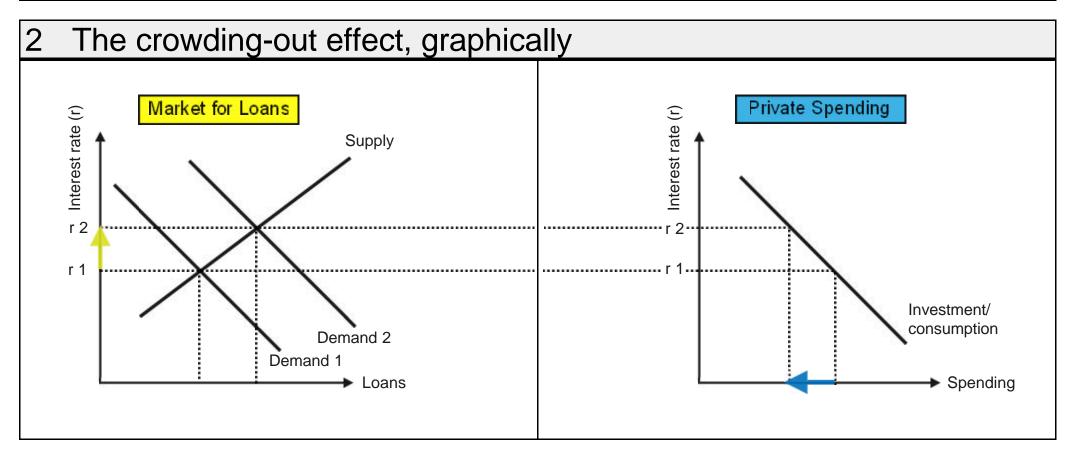
Crowding-out effect 1

1 The crowding-out effect

An increase in government borrowing causes a reduction in private spending (investment/consumption) due to an increase in interest rates.



CROWDOUT.DOC