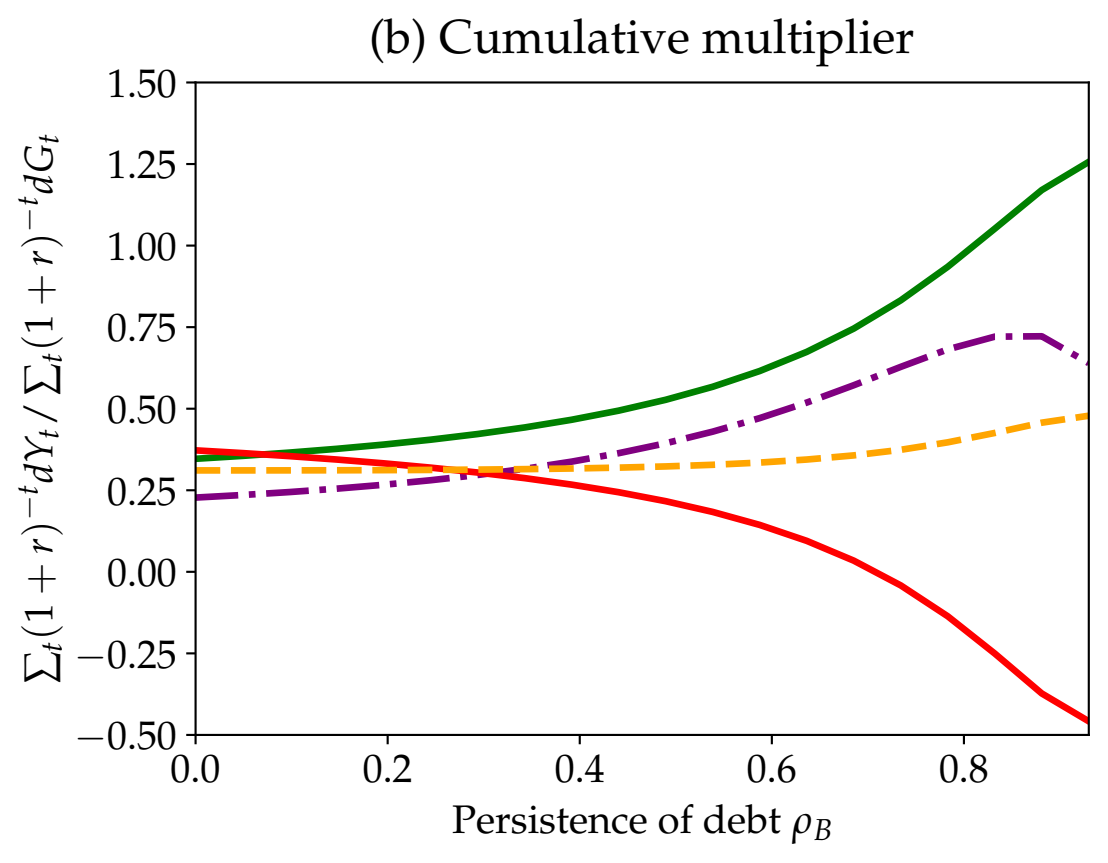
(b) Cumulative multiplier
1.50
1.25
1.00
0.75
0.50
0.25
0.00
−0.25
−0.50
$\sum_t (1+r)^{-t} dY_t / \sum_t (1+r)^{-t} dG_t$
0.0
0.2
0.4
0.6
0.8
Persistence of debt ρ_B