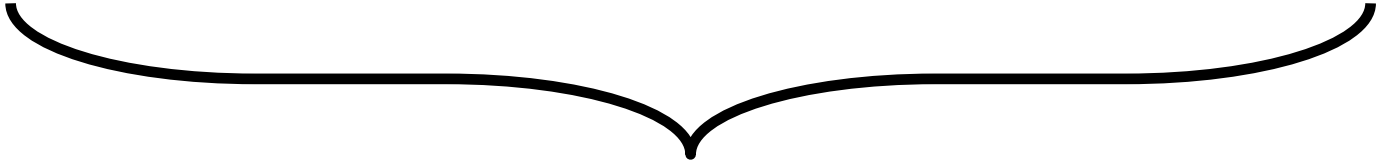


$$\text{NewCC} = a + \text{MPC}(Y - T_x + T_r)$$

$$\text{NewC} = a + \text{MPC}_Y - \text{MPC}_T x + \text{MPC}_T r$$

$$NewC = a - MPC_Tx + MPC_Tr + MPC_Y$$



New
Intercept

$$A = a - MPC^T_x + MPC^T_r$$



Same Slope

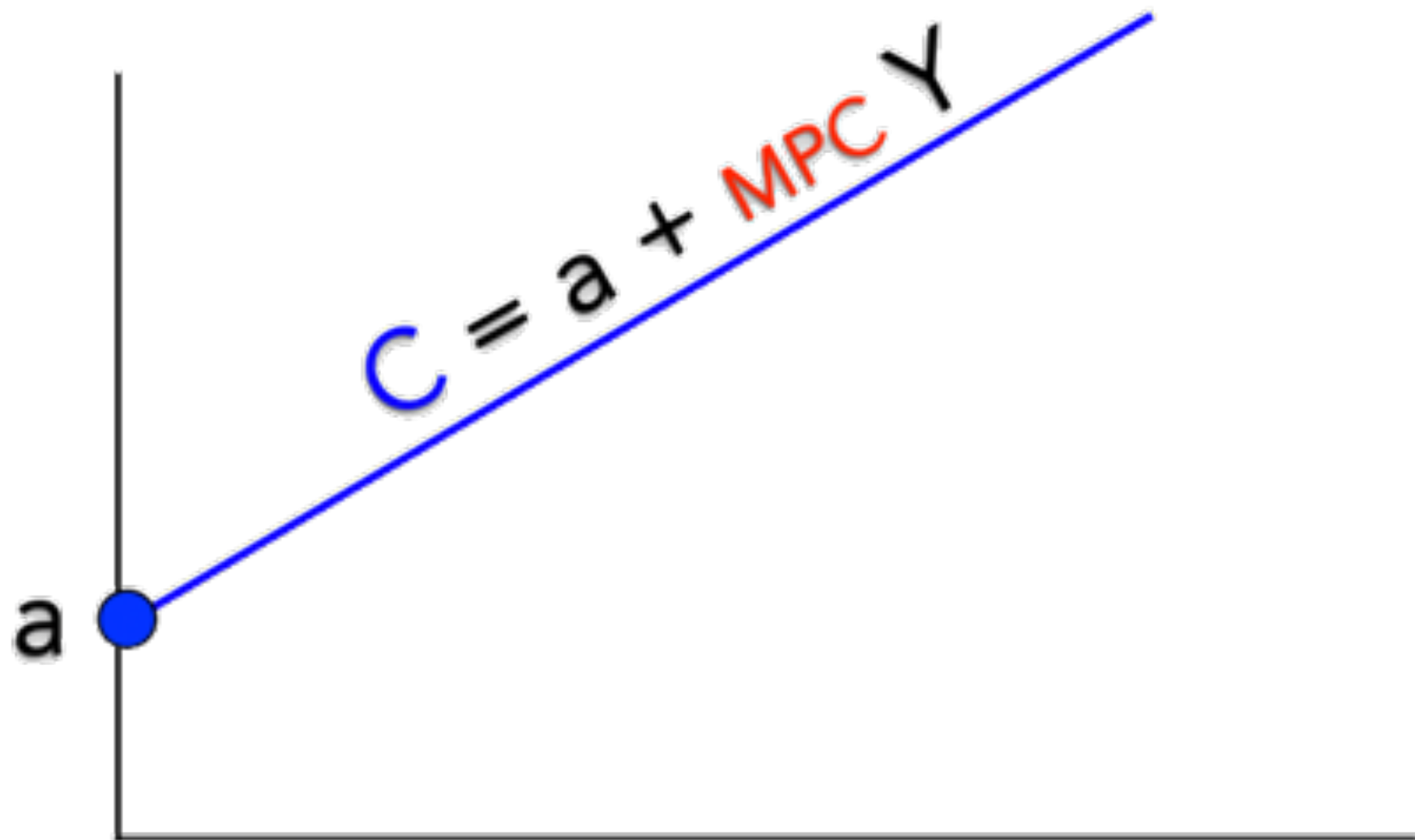
With Government

$$A = a - MPC T_x + MPC T_r$$



$$C = A + MPC Y$$

Without Government



With Government

R

e

a





a

9

e



e



m

S



Rearrange terms:

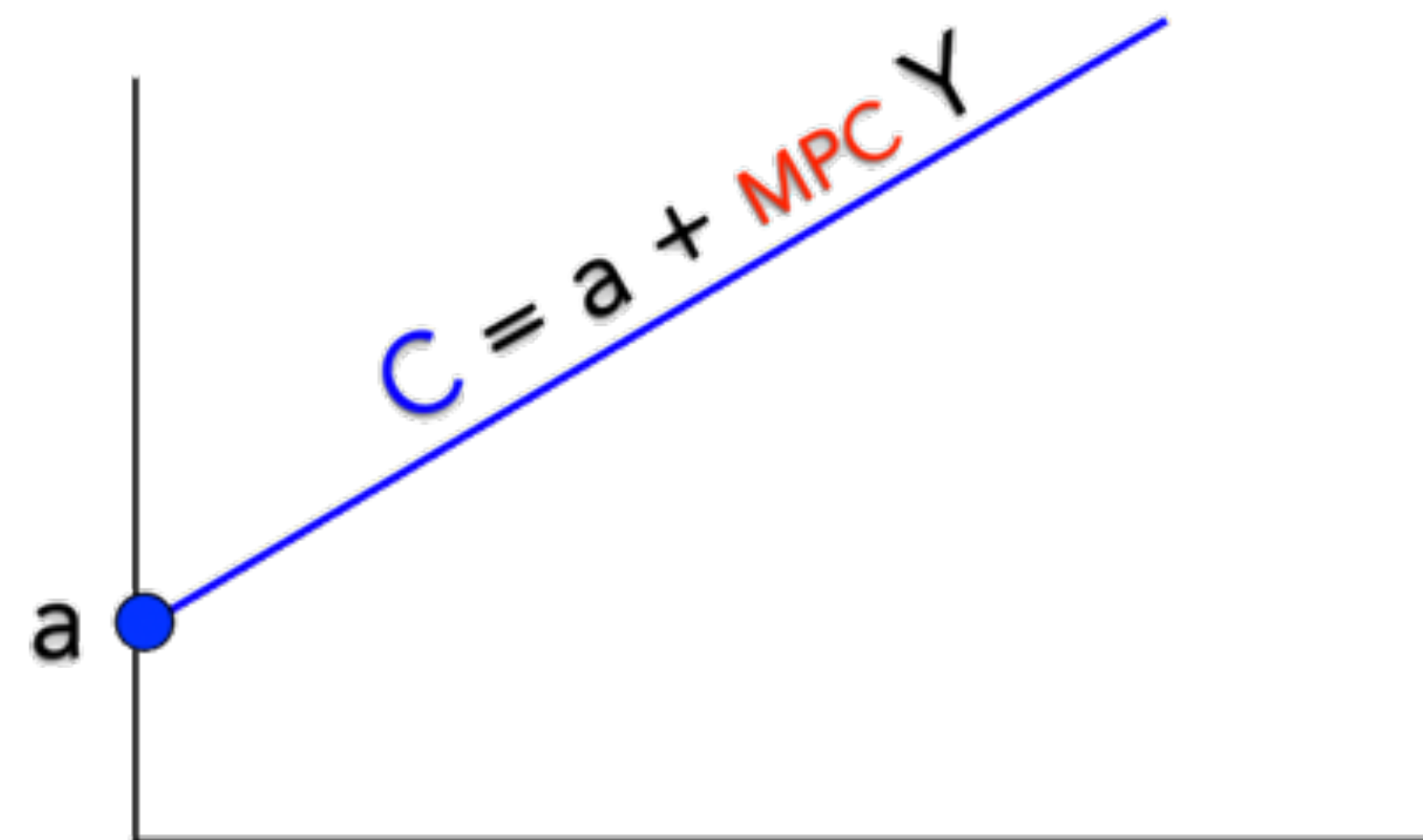
$$\text{New } C = a + \text{MPC}(Y - T_x + T_r)$$

With Government $\text{New } C = a + \text{MPC}Y - \text{MPC}T_x + \text{MPC}T_r$

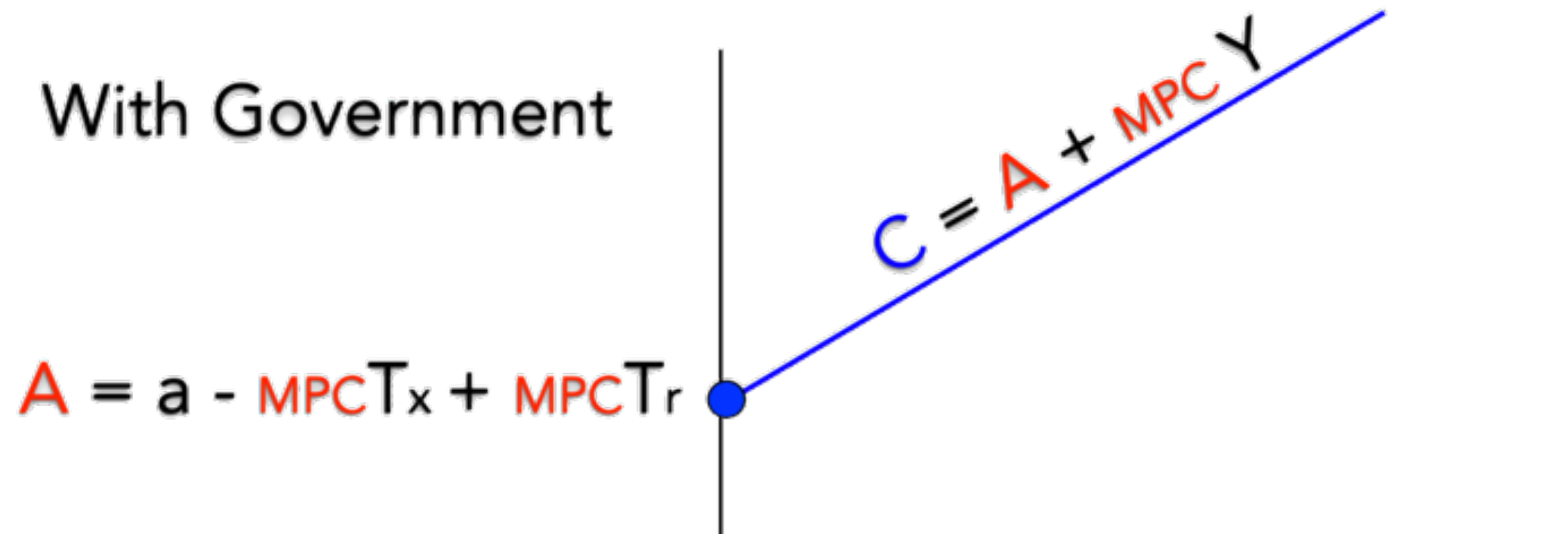
Rearrange terms: $\text{New } C = \underbrace{a - \text{MPC}T_x + \text{MPC}T_r}_{\text{New Intercept } A} + \underbrace{\text{MPC}Y}_{\text{Same Slope}}$

$A = a - \text{MPC}T_x + \text{MPC}T_r$

Without Government



With Government



Without Government

