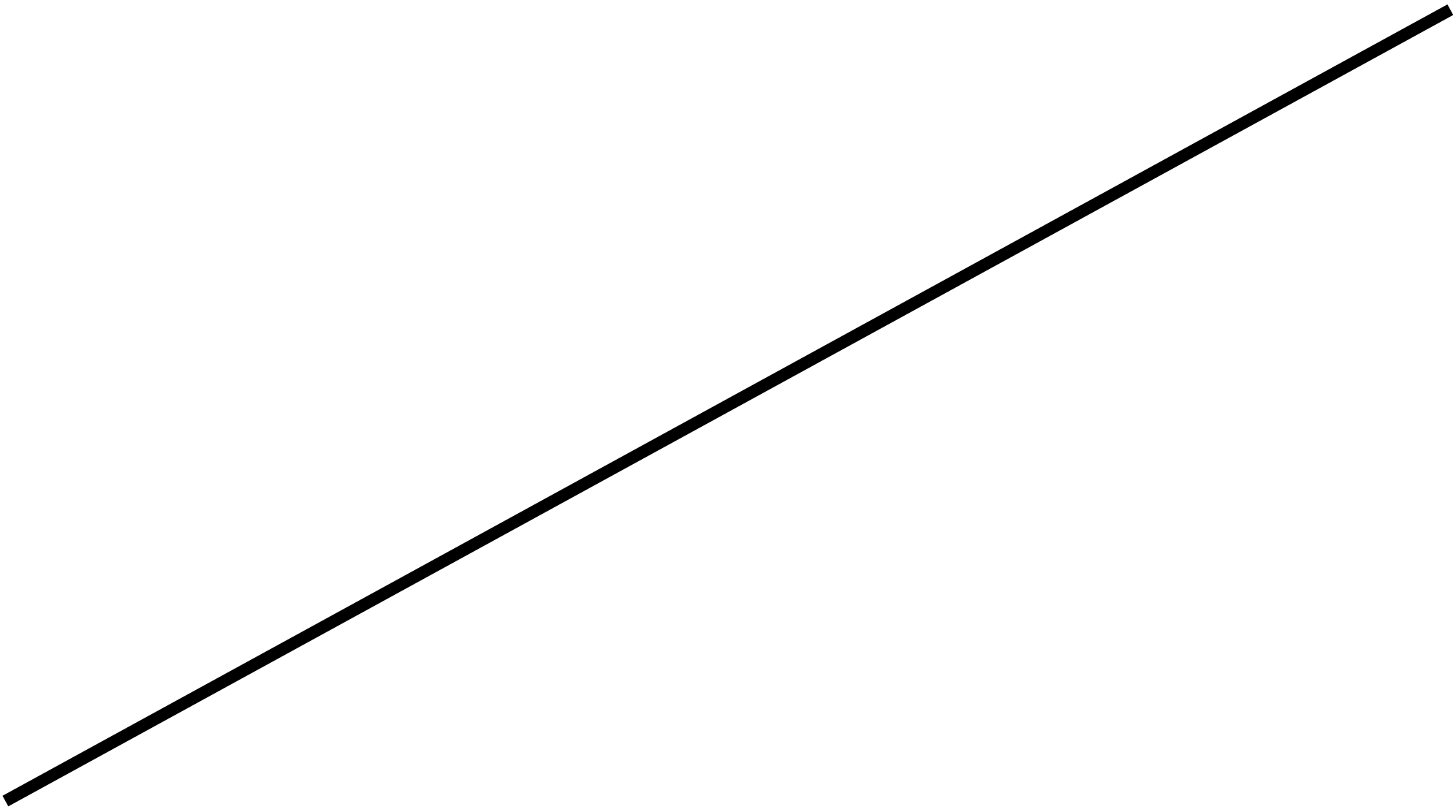

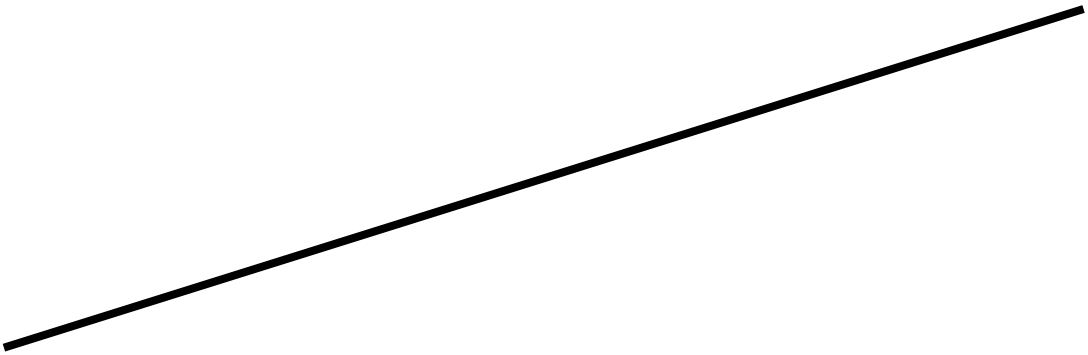

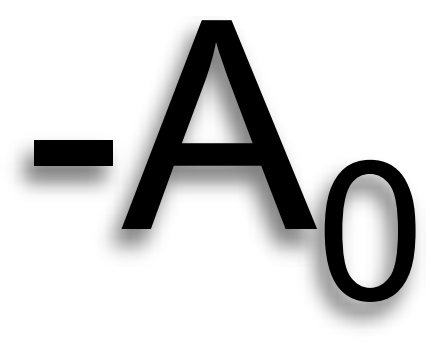
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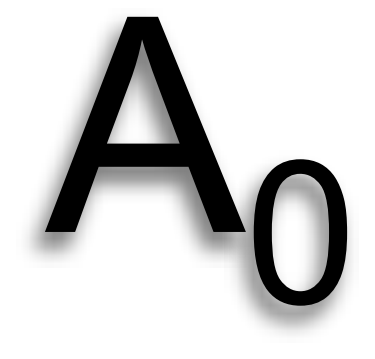
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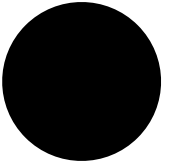
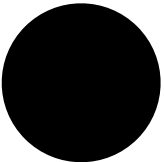


$$C_0 = A_0 + MPC\ Y$$



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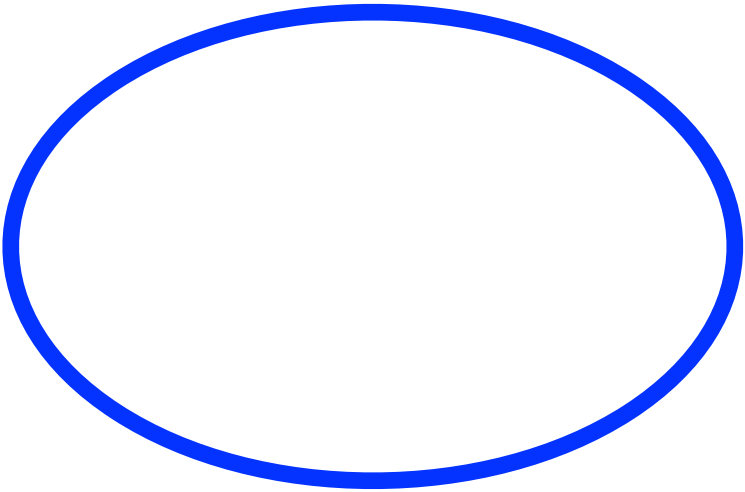
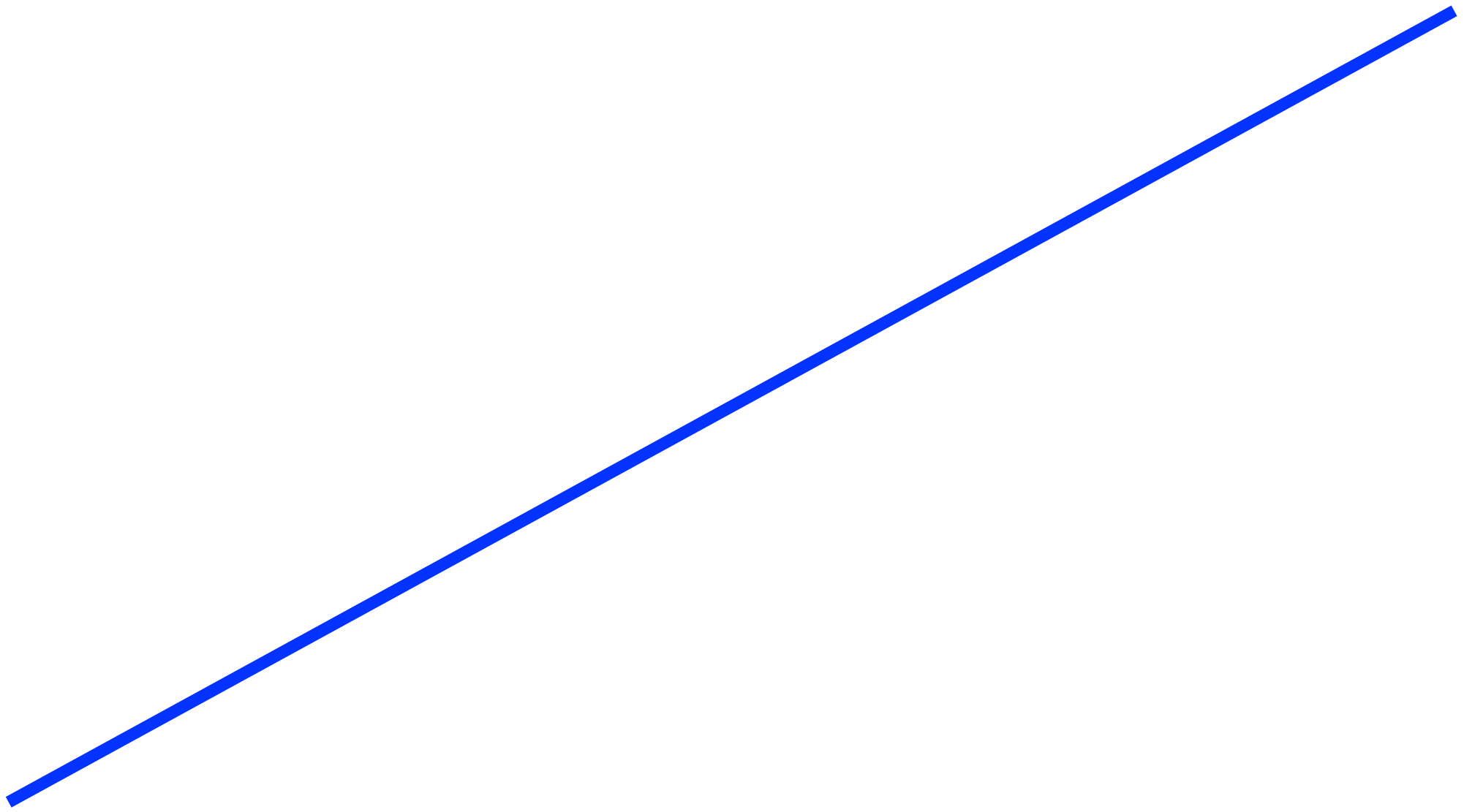
$$A = a - bT_x + bT_r$$

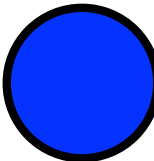
$$S + T_x - T_r$$

If transfers increase: Consumers have more disposable income, consumption rise



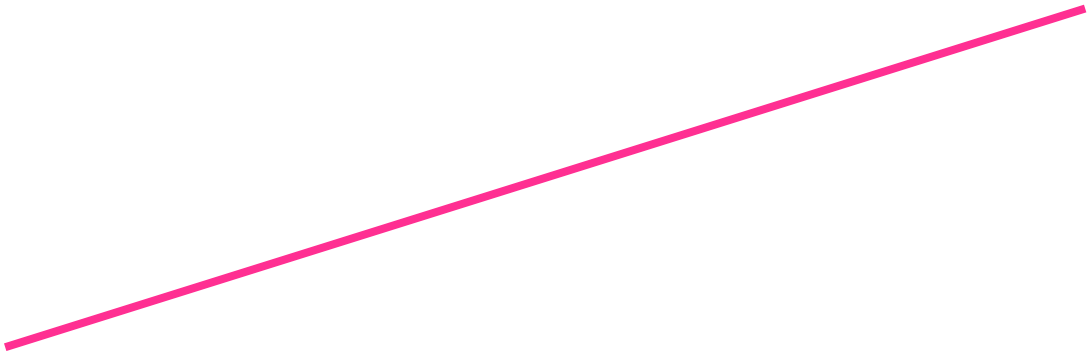
An increase in transfers, increase the intercept: consumption shifts up

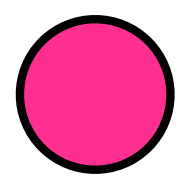


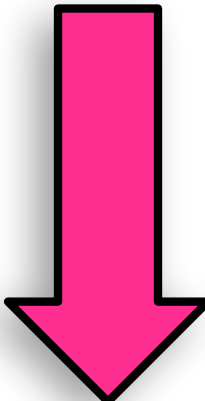


A1

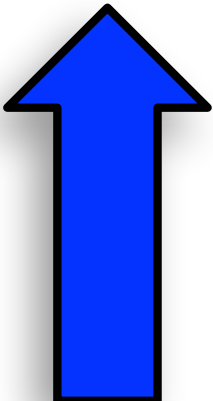
-A1

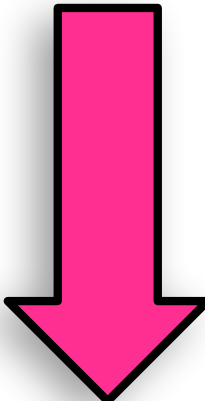






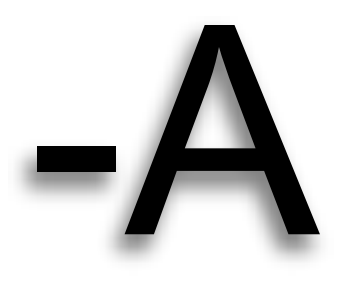
S+Tx - higherTr





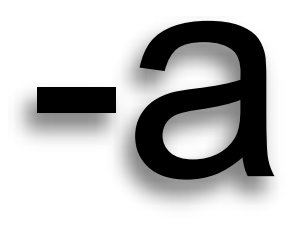
An increase in transfers, decreases the intercept: S+Tx -Tr shifts down

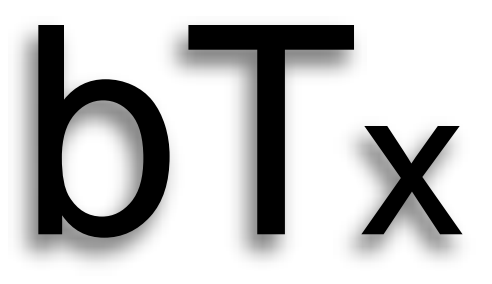
$$C_1 \equiv A_1 + MPC\ Y$$

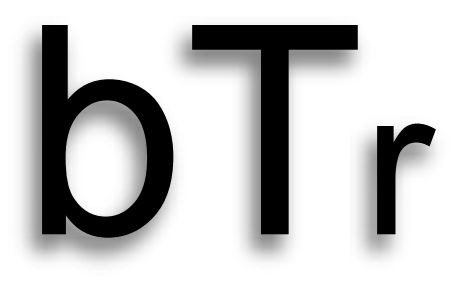

-A

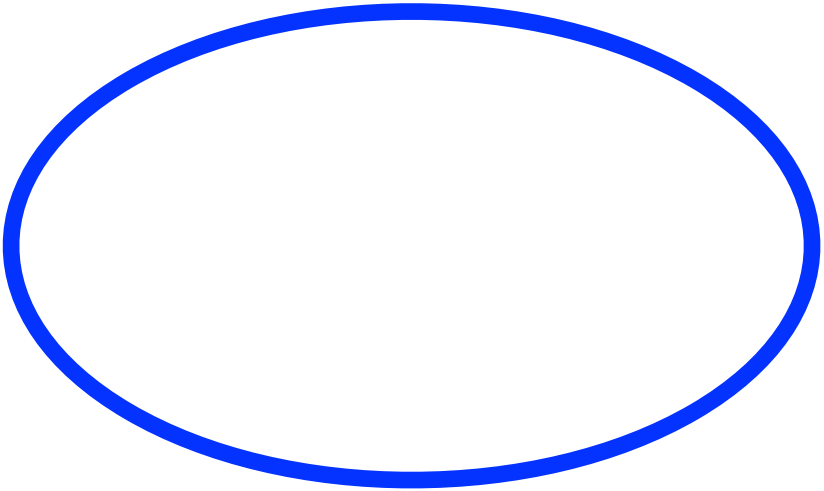
[redacted]

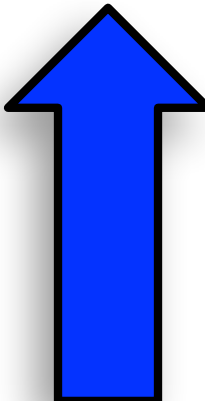
[redacted]

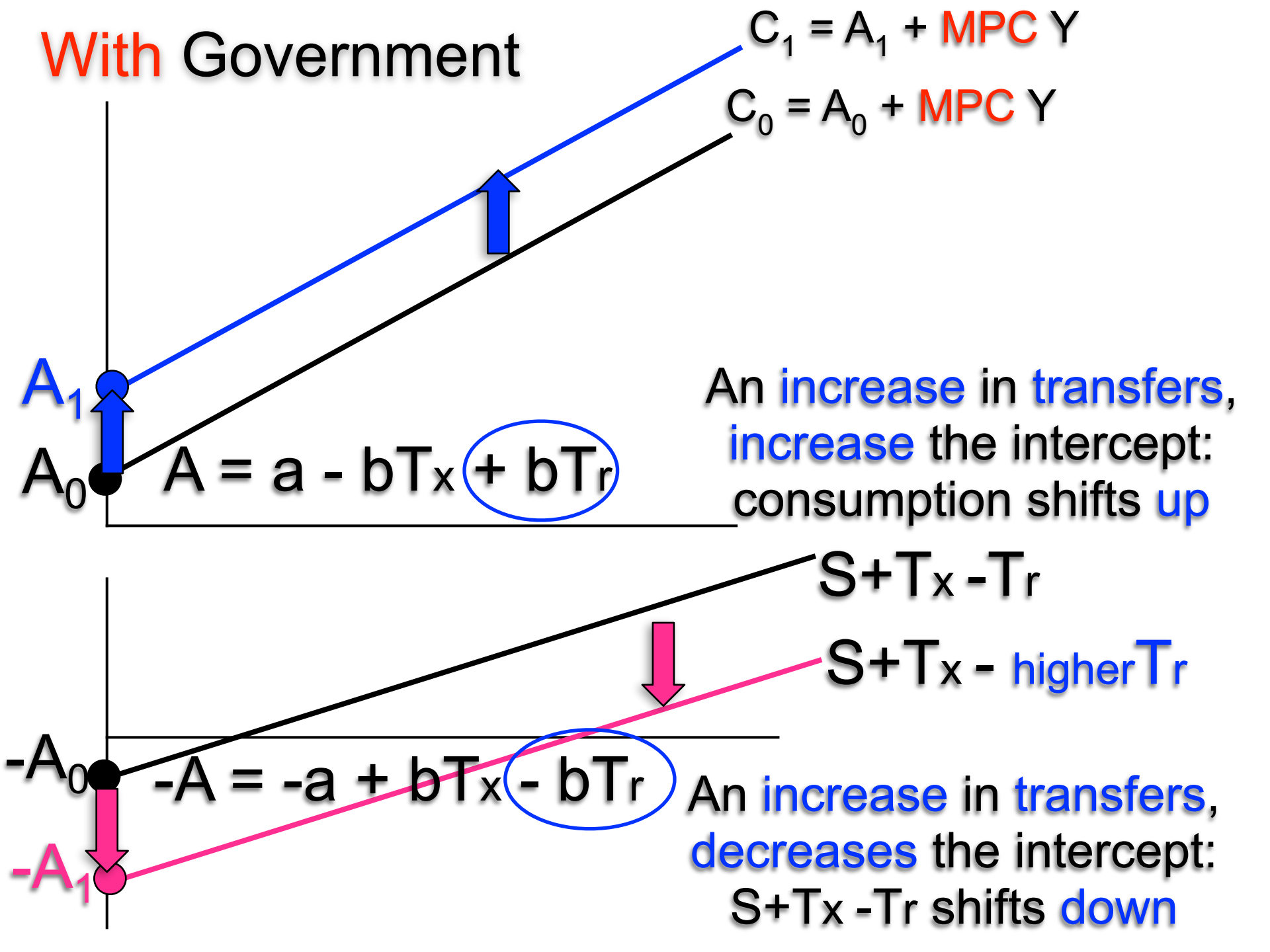

-a


bTx


bTr





$$-A = -a + bT_x - bT_r$$

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