





C = A + MPC Y

With Government

A = a - bTx + bTr

→in wealth, expectations, the

Intercept changes with changes

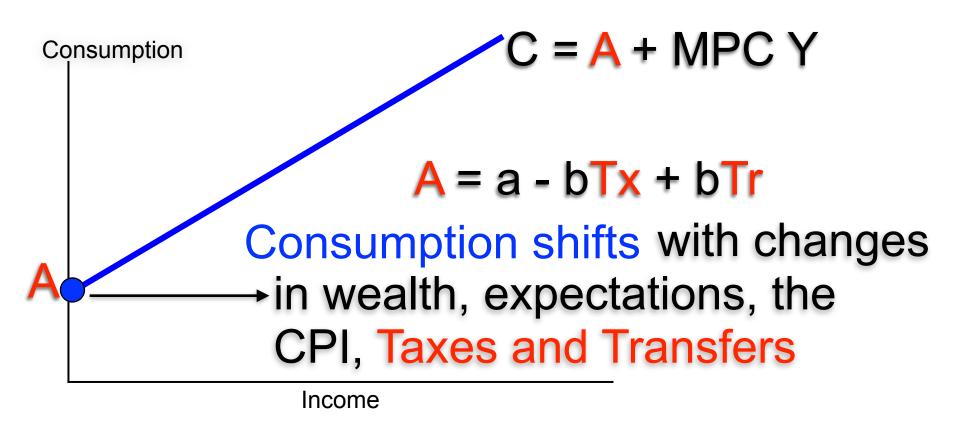
CPI, Taxes and Transfers

Consumption shifts

Income

Consumption

With Government



With Government