

INTRODUCING THE GINGERBREAD

Consumers **pay taxes** to the Government
and **receive Transfers** from the Government

Consumer's Income available to buy goods and services

$$= \text{Income (Y)} - \text{Taxes (Tx)} + \text{Transfers (Tr)}$$

Consumers **pay taxes** to the Government
and **receive Transfers** from the Government

INTRODUCING THE GOVERNMENT

Consumer's Income available to buy goods and services
= Income (Y) - **Taxes(Tx)** + **Transfers(Tr)**