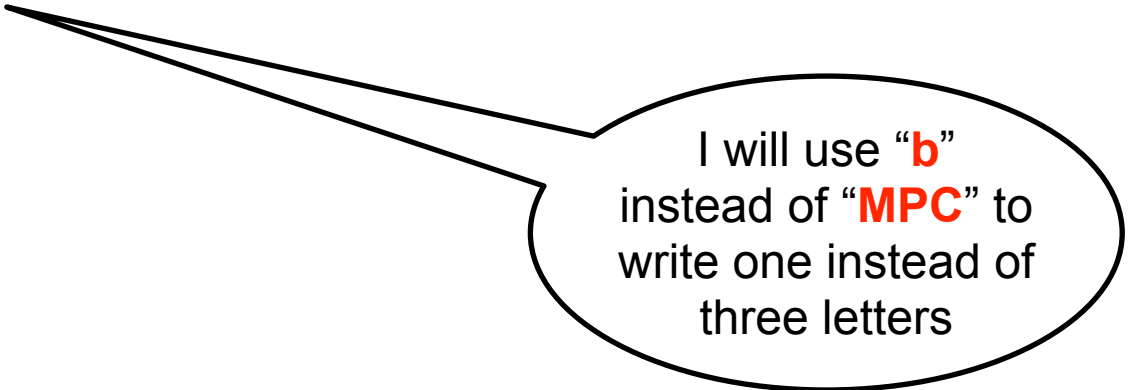
$$\text{New } C = a + MPC(Y - T_x + T_r)$$

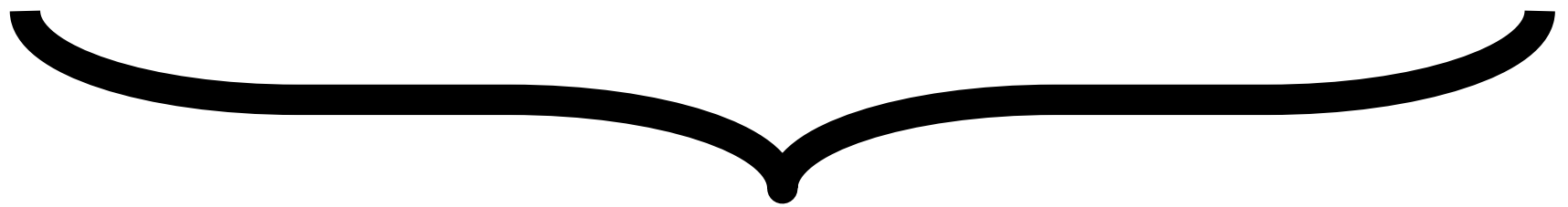
$$\text{New } C = a + b(Y - T_x + T_r)$$

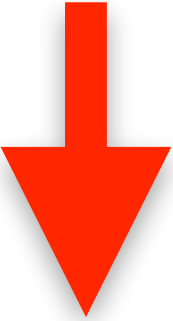

I will use “b” instead of “MPC” to write one instead of three letters

$$\text{New } C = a + bY - bT_x + bT_r$$

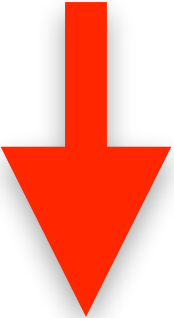
$$\text{New } C = a - bT_x + bT_r + bY$$

$$\text{New } C = (a - bT_x + bT_r) + bY$$


New
Intercept

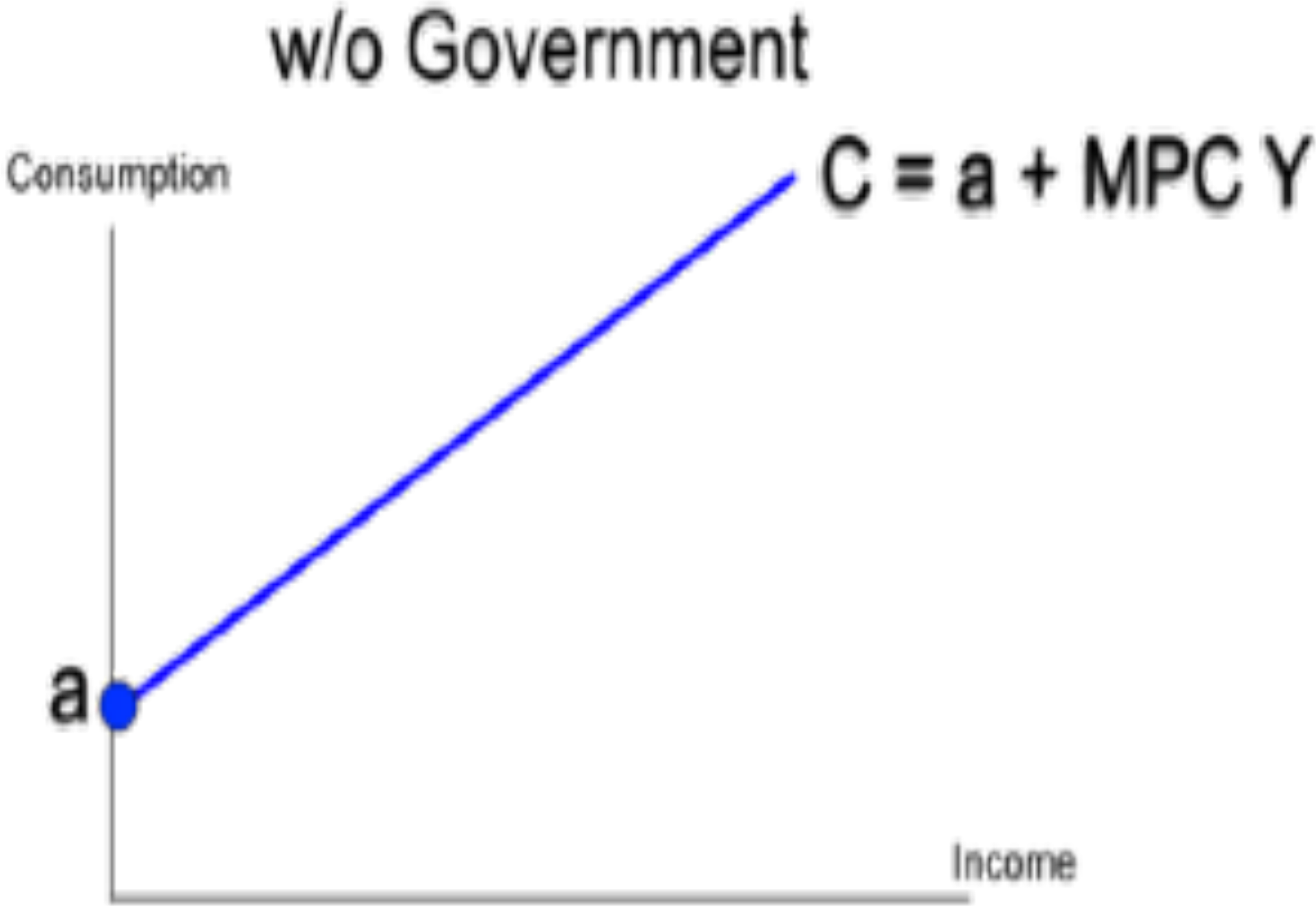


New C = A+ bY

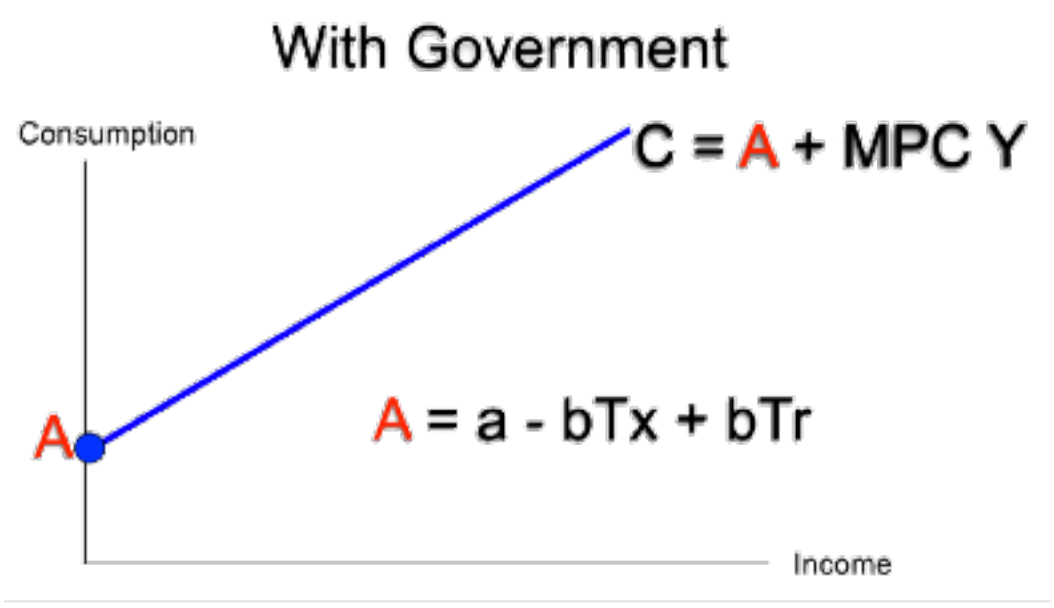


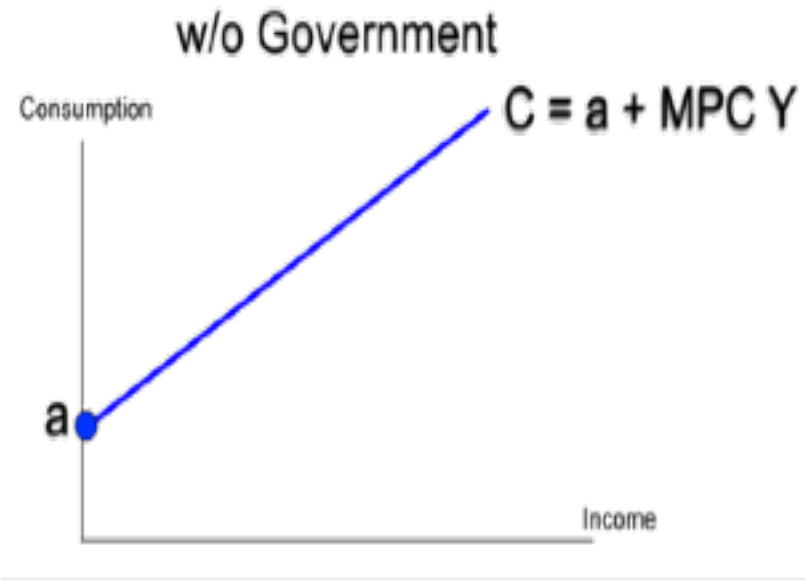
# Same slope: MPC

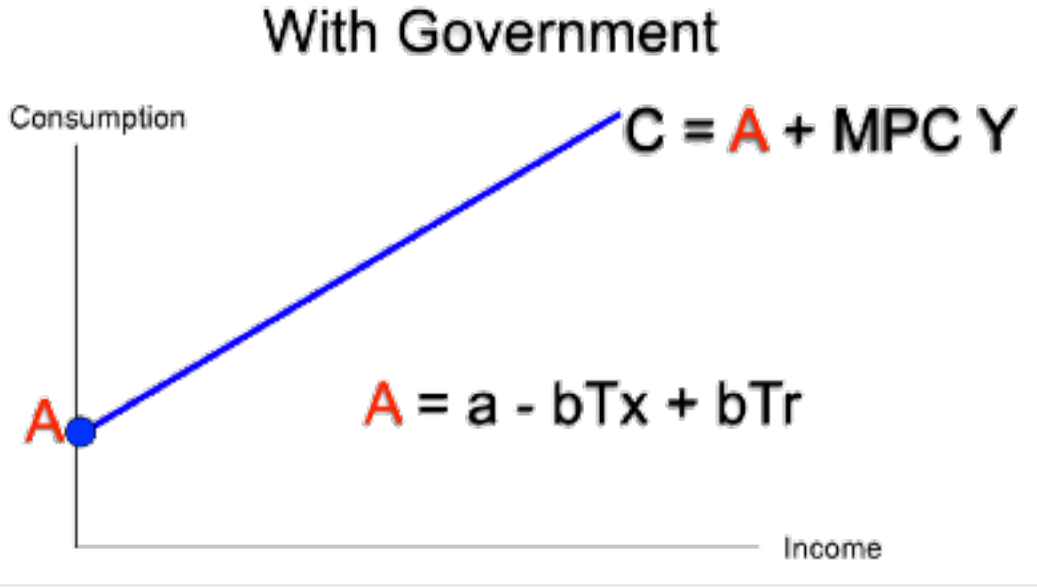
$$A = a - bTx + bTr$$


w/o Government
Consumption
C = a + MPC Y
a
Income

# With Government

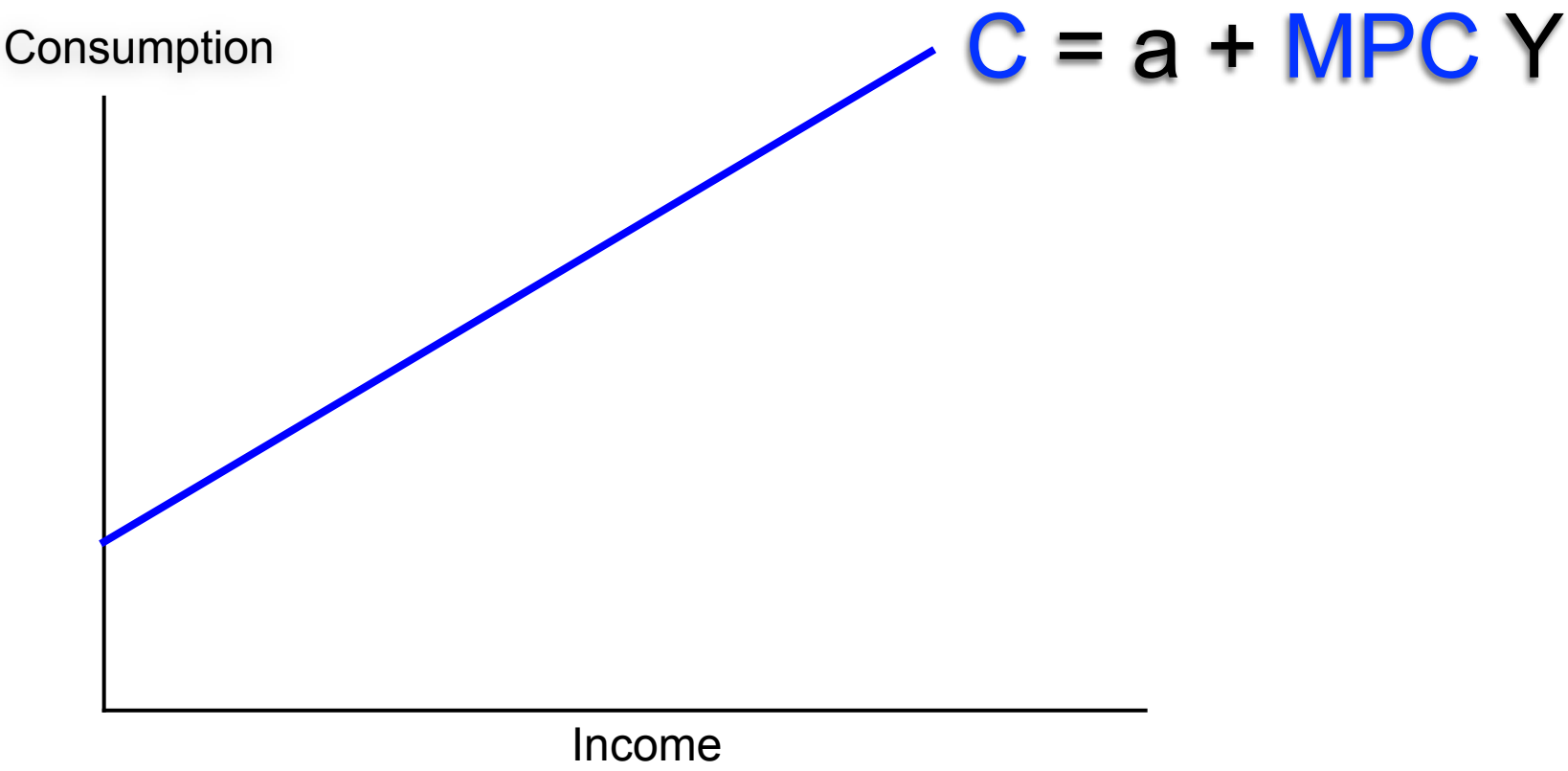





$$\text{New } C = \underbrace{(a - bT_x + bT_r)}_{\text{New Intercept } A = a - bTx + bTr} + bY$$

$$\text{New } C = A + bY$$

Same slope: MPC

# Without Government