The Components of Aggregate Expenditures

$$C = \text{intercept} + \text{MPC}_x Y$$

G = Fixed value

■ = Fixed value

M = Fixed value

We will use the following values for this example:

$$C = 100 + 0.9Y$$

G = 500 billion

l = 1,000 billion

M = 500 billion

X = 800 billion

NX = 800 - 500 = 300

X = Fixed value

$$C = (a + b(Tr - Tx)) + bY$$

Intercept: A

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