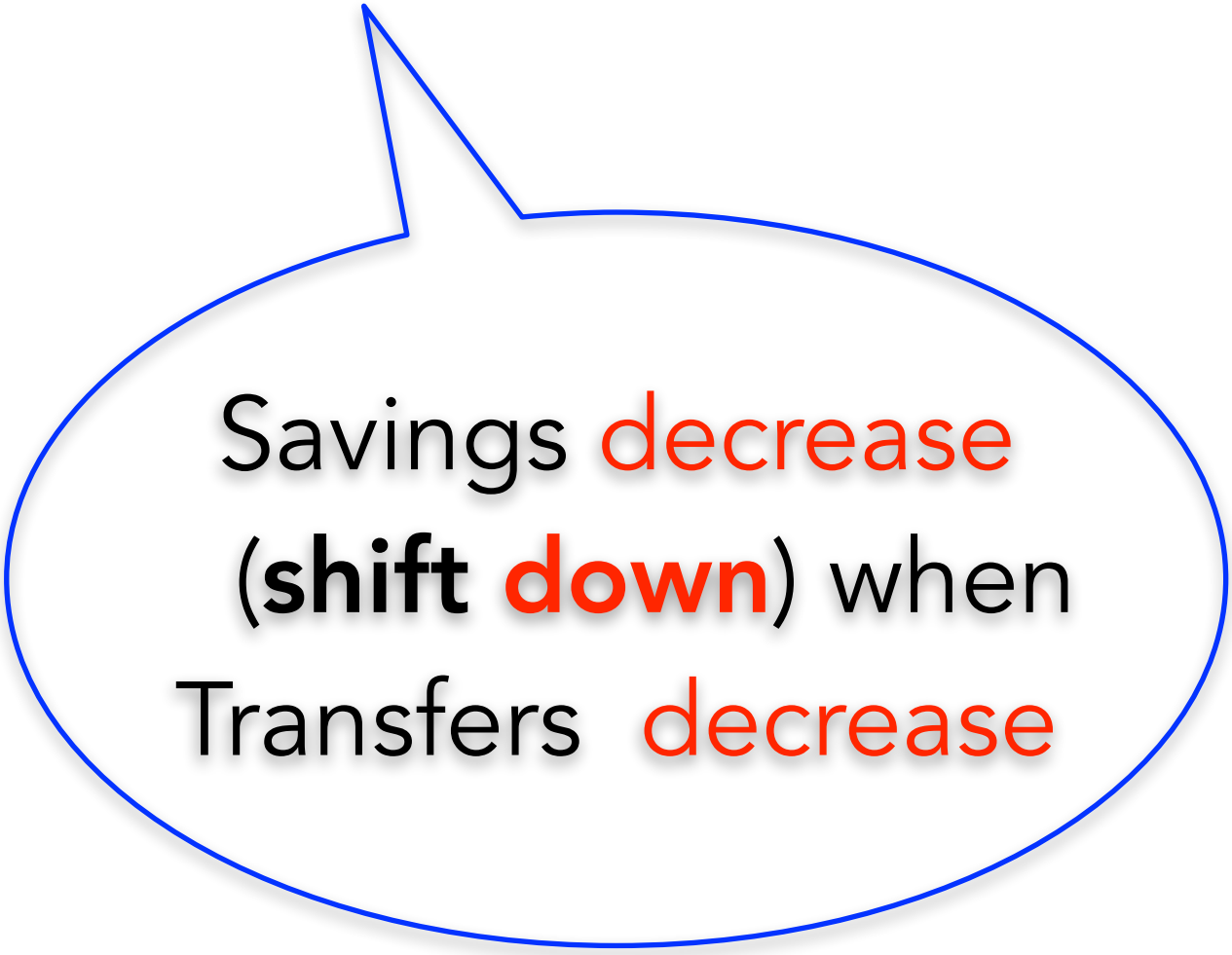
$$S = - a - MPSTx + MPSTr + MPSY$$

With Government

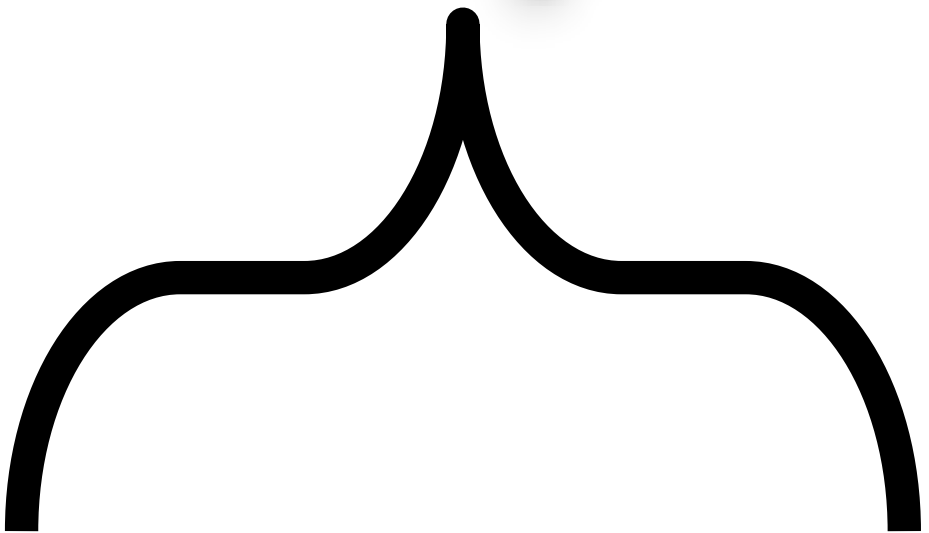
Savings decrease (**shift down)** with optimistic Expectations, when Wealth increase, when the Price level drops

Savings decrease (**shift down**) when Taxes increase


Savings decrease
(**shift down**) when
Transfers decrease

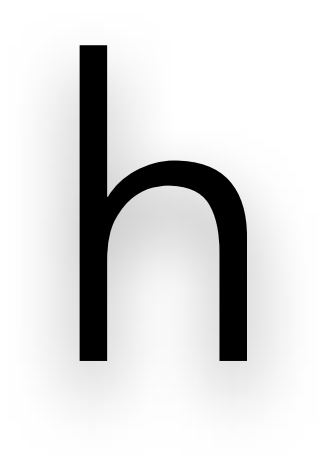
Savings decrease when Income (Y) decrease: a **movement down along** the savings line

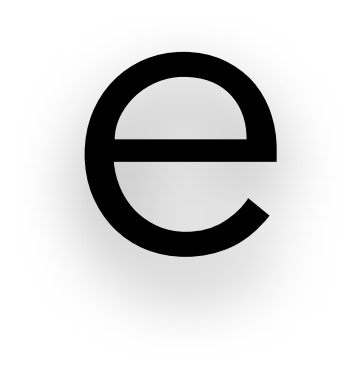
Slope

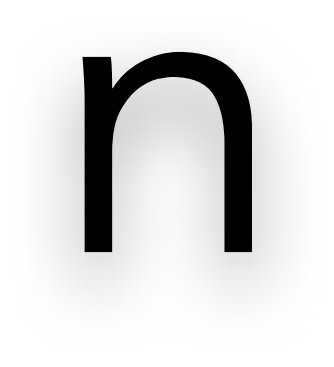


Intercept

W



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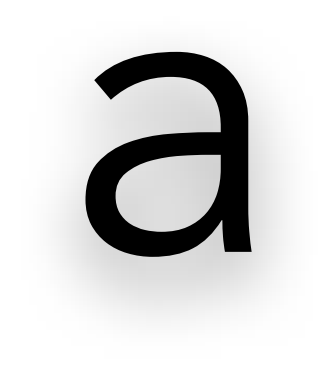
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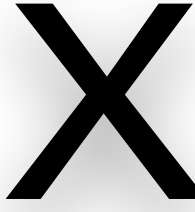

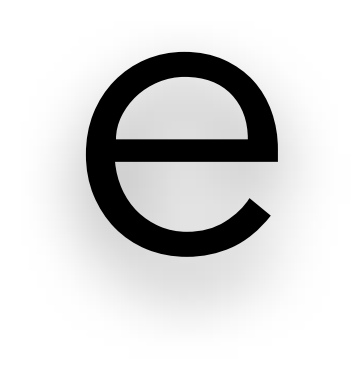

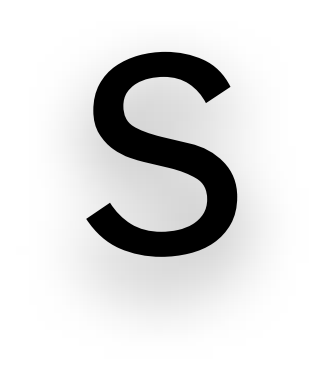

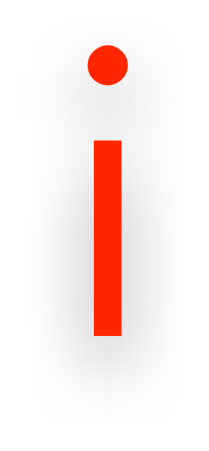

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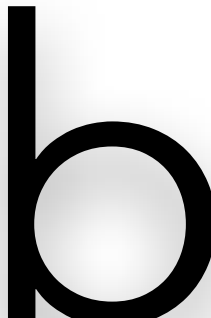

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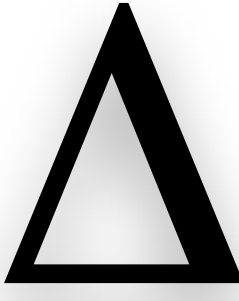

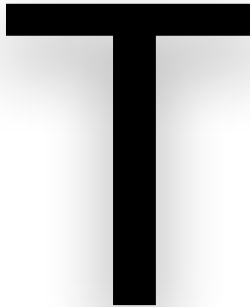

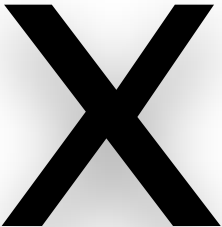

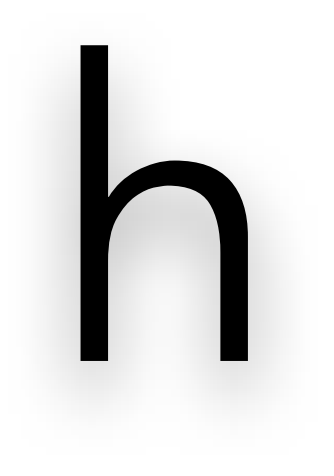

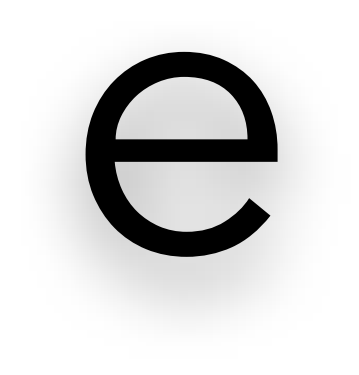

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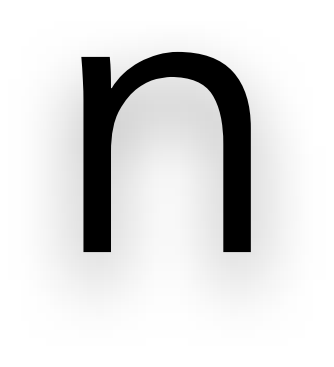
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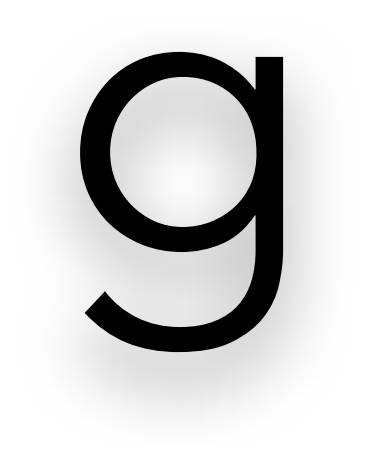

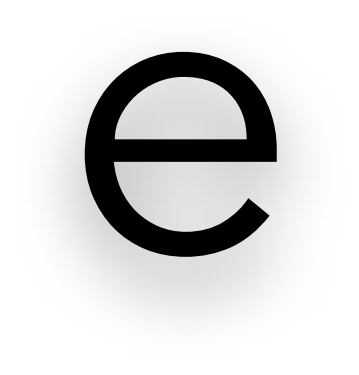

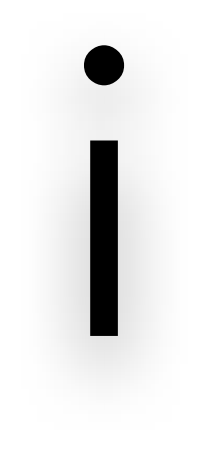

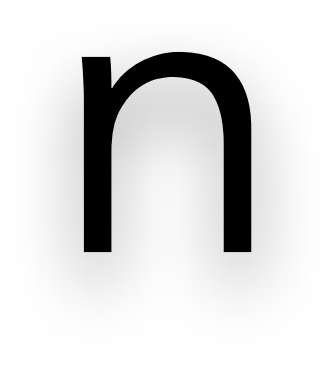

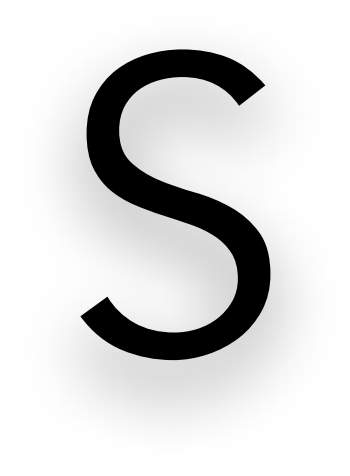

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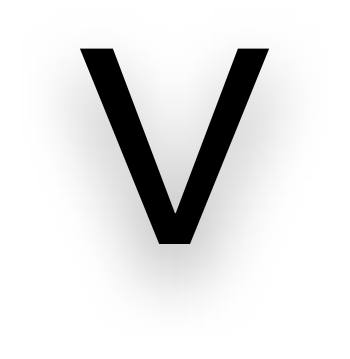

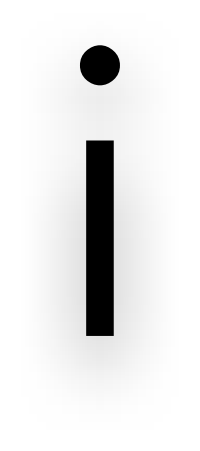

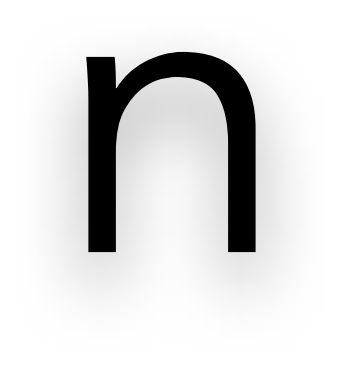
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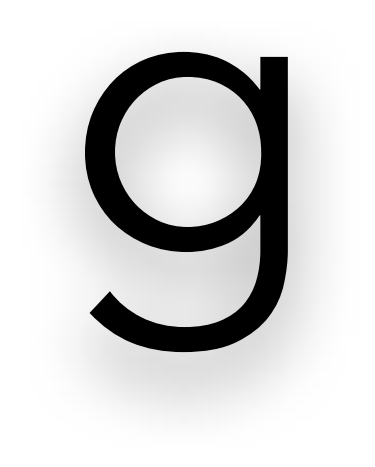

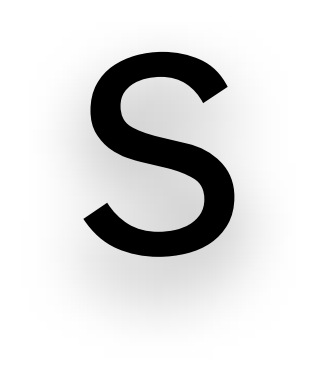

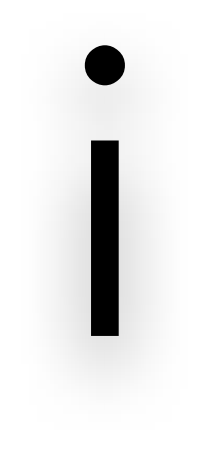

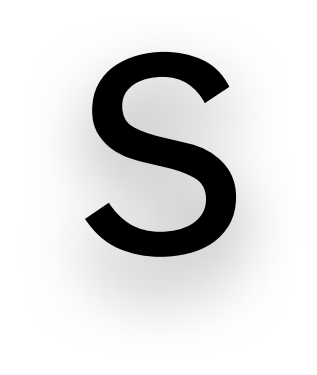

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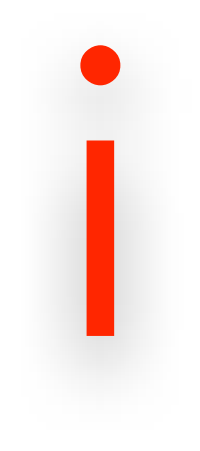

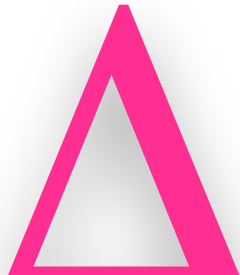

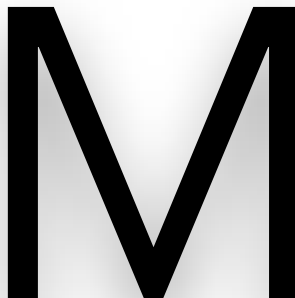

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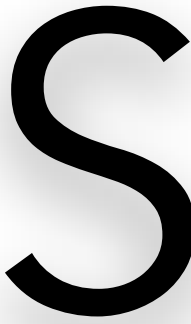

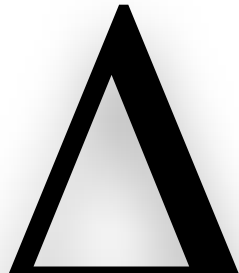

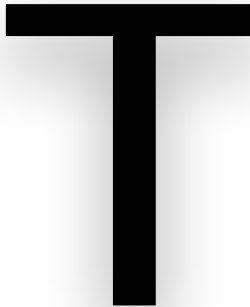

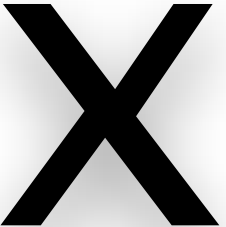

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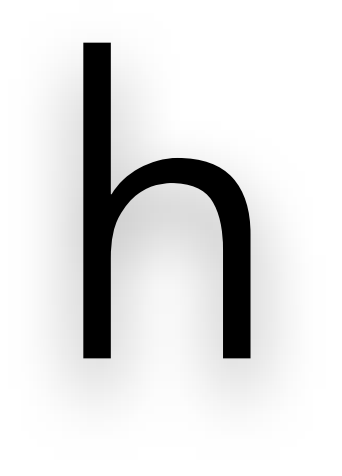

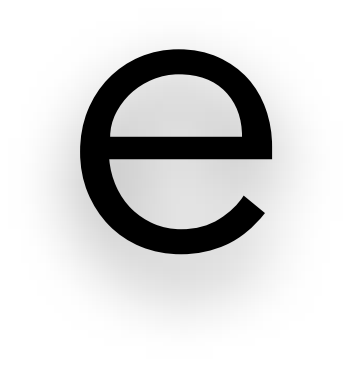

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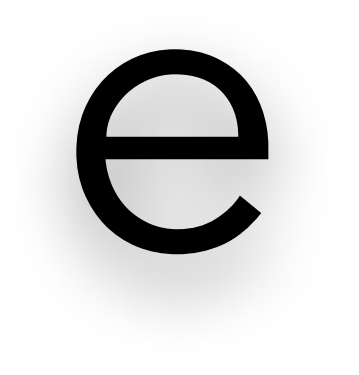

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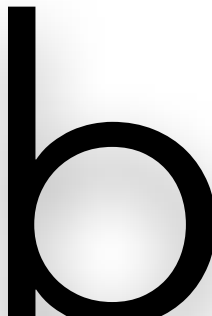

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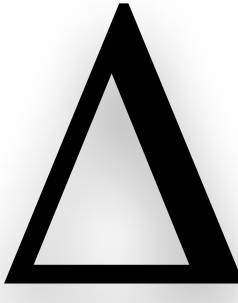

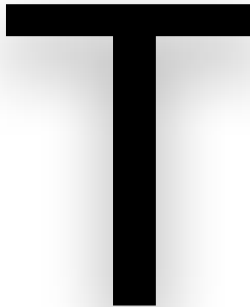

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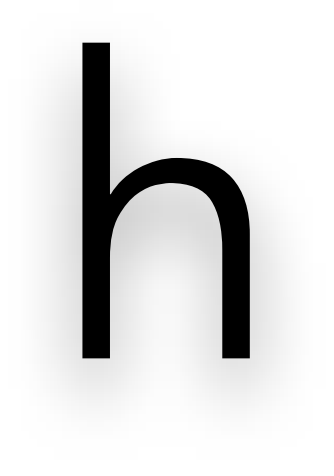

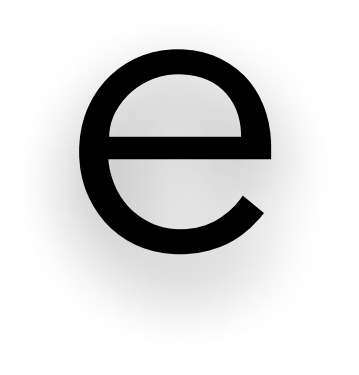

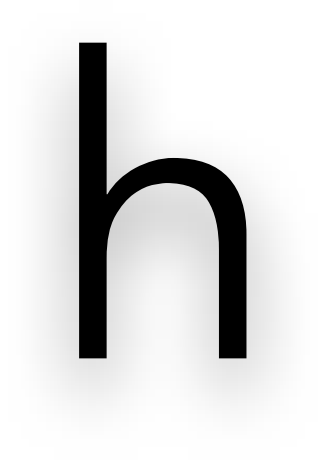

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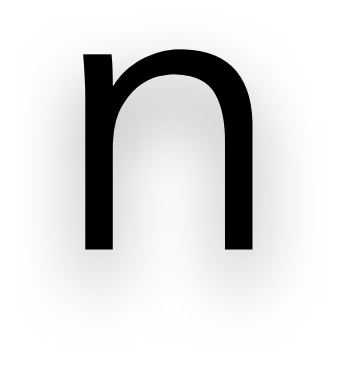

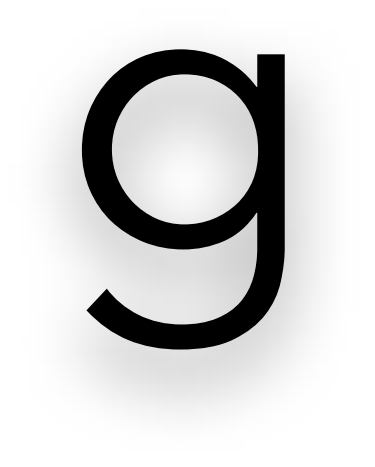

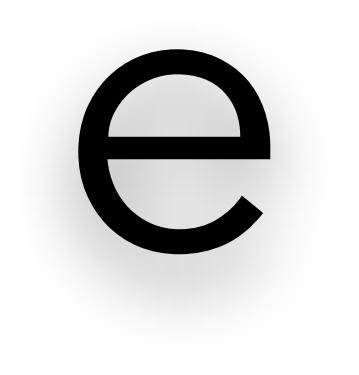

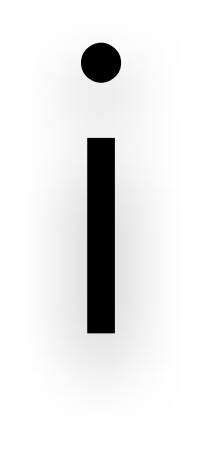

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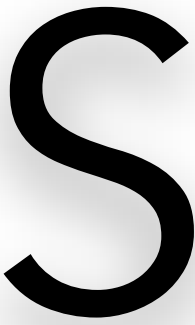

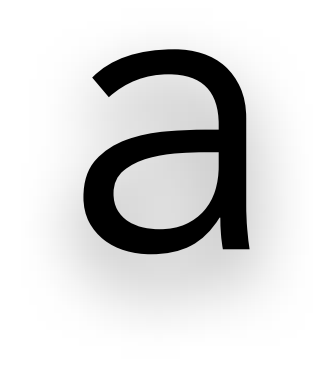
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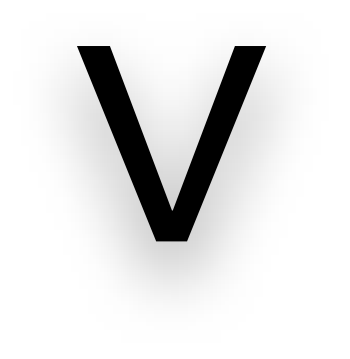

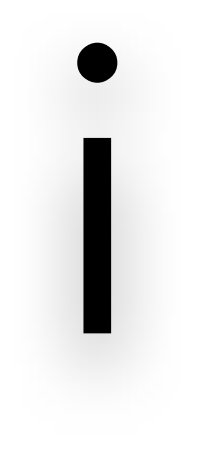

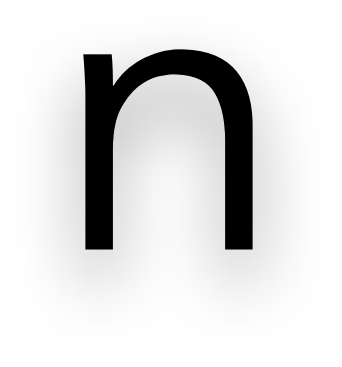
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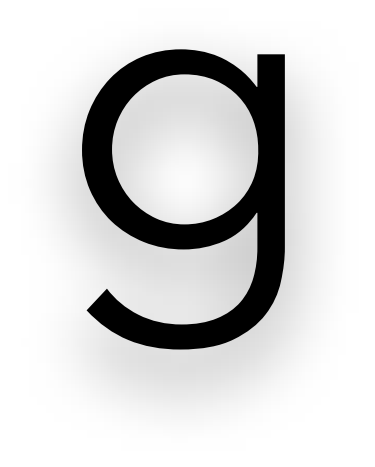

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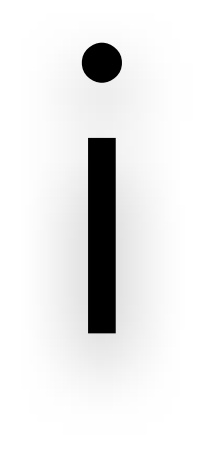

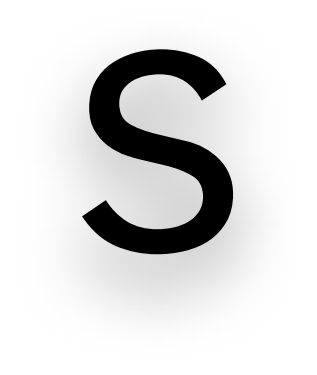

n

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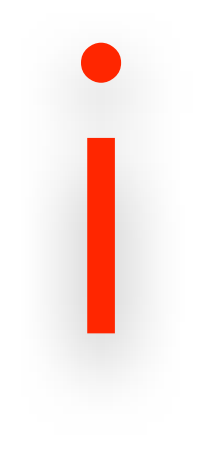
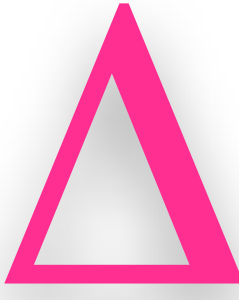
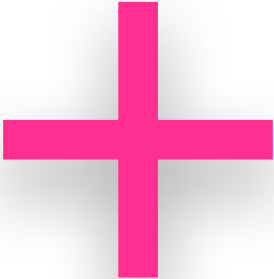
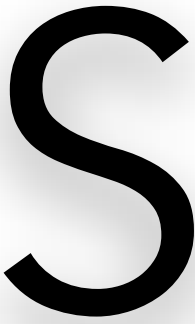


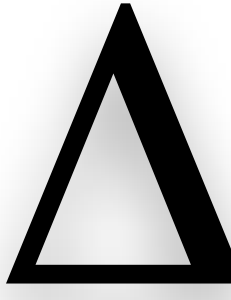


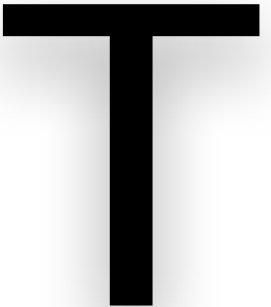


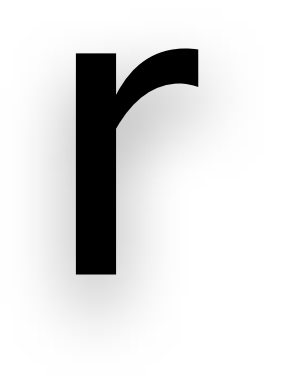
M

P





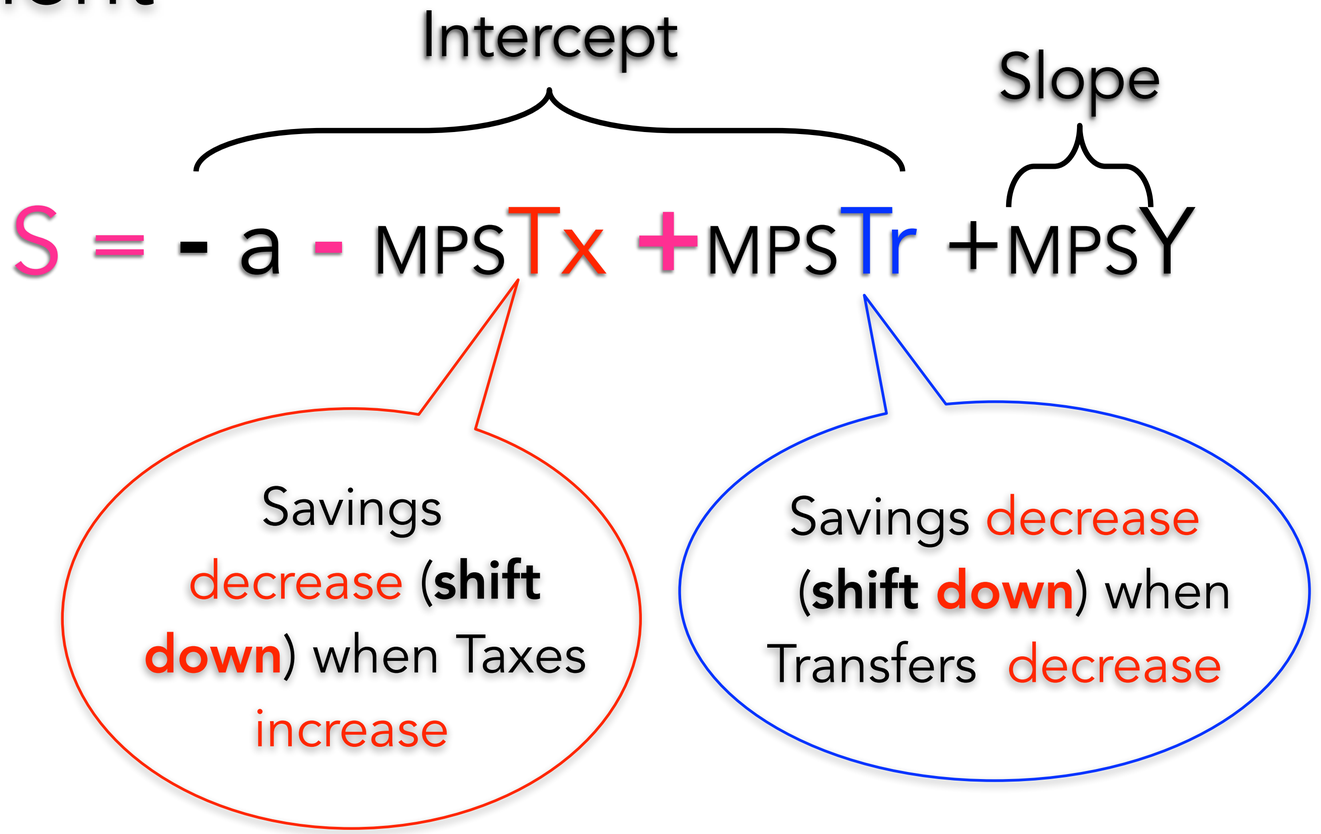




When taxes increase by ΔTx, the change in Savings is negative

$$\Delta S = -MPS(\Delta Tx)$$

With Government



When taxes increase by ΔTx, the change in Savings is negative

$\Delta S = -MPS(\Delta Tx)$

When transfers decrease by ΔTr (a negative number), the change in Savings is negative

$\Delta S = +MPS(\Delta Tr)$

With Government