

$$S = -a - MPST_x + MPST_r + MPST_Y$$

With Government

A speech bubble with a black outline and a tail pointing towards the top right corner. The text inside is centered and uses a mix of black and blue colors for emphasis.

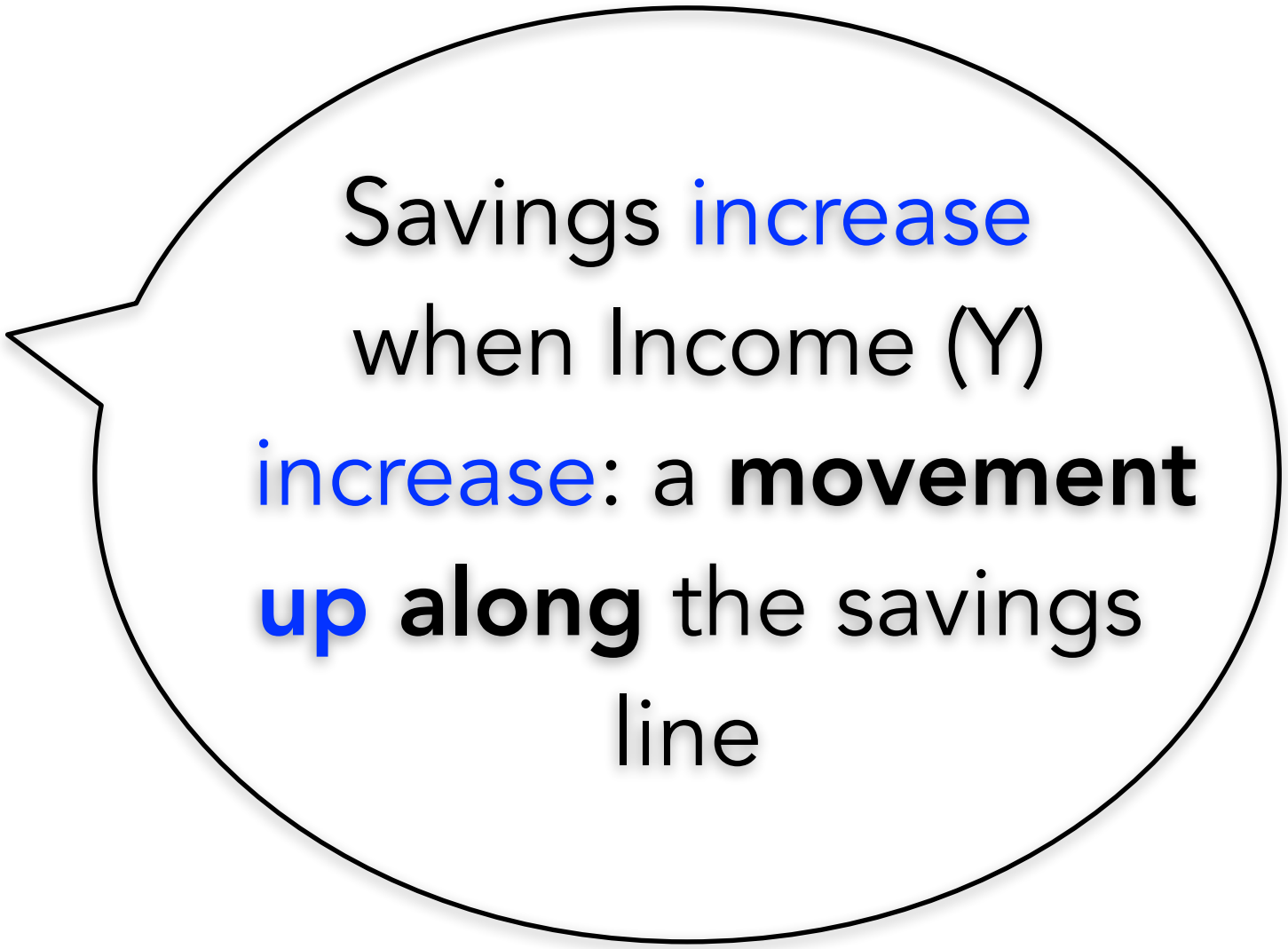
Savings **increase**
(**shift up**) with
pessimistic Expectations,
when Wealth **decrease**,
when the Price level
rise



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

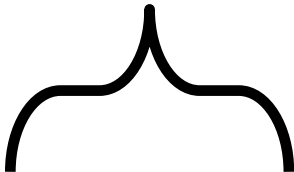


Savings **increase**
(**shift up**) when
Transfers increase



Savings **increase**
when Income (Y)
increase: a **movement**
up **along** the savings
line

Slope



Intercept



W

h

e

n



a



e

S

d

e





e

a

S

e

b

Y









a



e

g

a





V

e



U



b

e











e

C

h

a

n

9

e



n

S

a





n

9

S



S

р



S









e



S

[REDACTED]

[REDACTED]



M

P

S











W

h

e

n





a

n

S



e



S



n





e

a

S



b

Y











h

e



h

a



9

e





S

a

V



n

9

S



S

р



S













S

[REDACTED]

[REDACTED]



M

P

S





T





When taxes decrease by ΔT_x (a negative number), the change in Savings is positive

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

With Government

$$S = \underbrace{-a - \text{MPS}Tx}_{\text{Intercept}} + \underbrace{\text{MPS}Tr + \text{MPS}Y}_{\text{Slope}}$$

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

Savings **increase**
(**shift up**) when
Transfers increase

When taxes **decrease** by ΔTx (a negative number), the change in Savings is **positive**

$$\Delta S = -\text{MPS}(\Delta Tx)$$

When transfers **increase** by ΔTr , the change in Savings is **positive**

$$\Delta S = +\text{MPS}(\Delta Tr)$$

Warning!