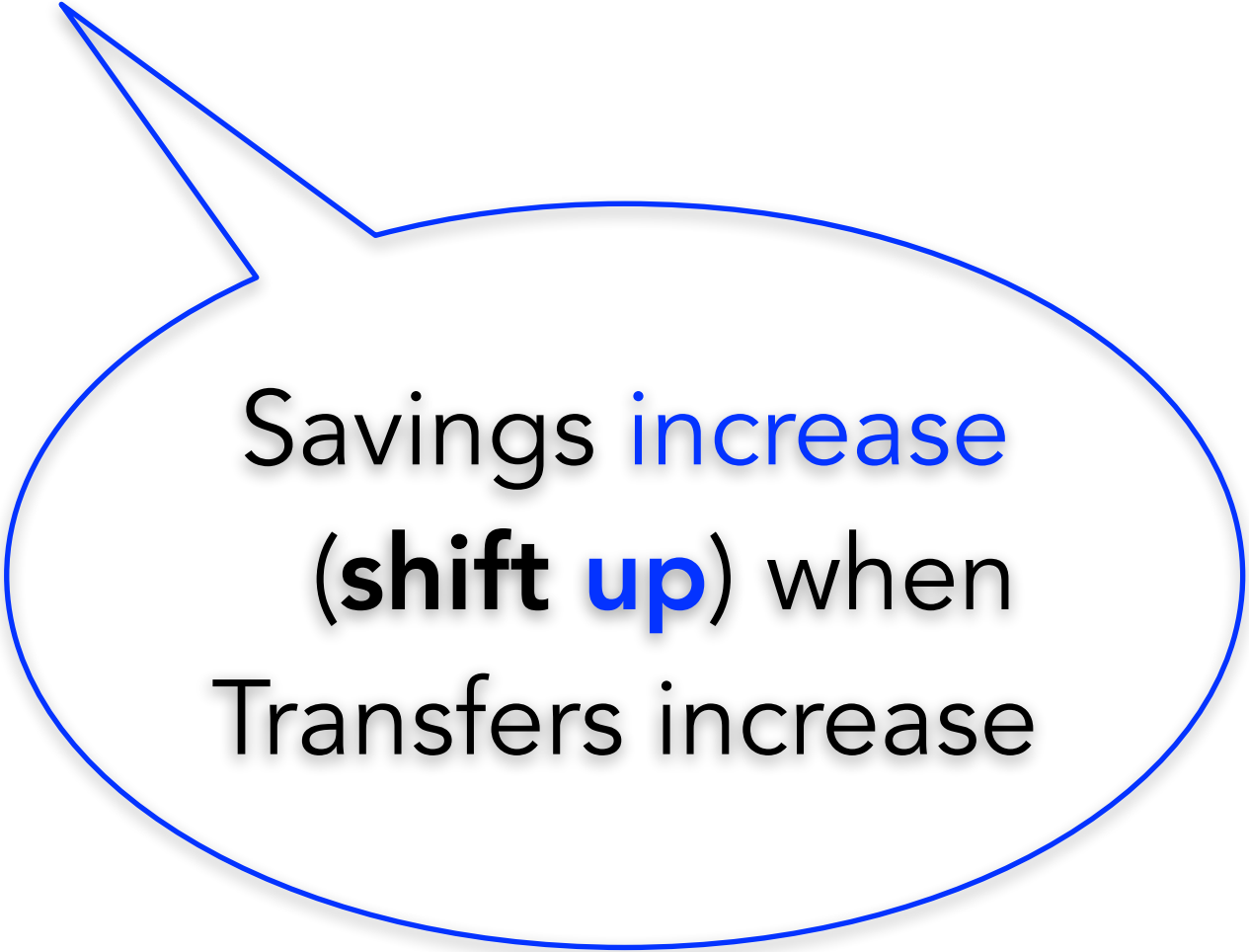
$$S = - a - MPSTx + MPSTr + MPSY$$

With Government

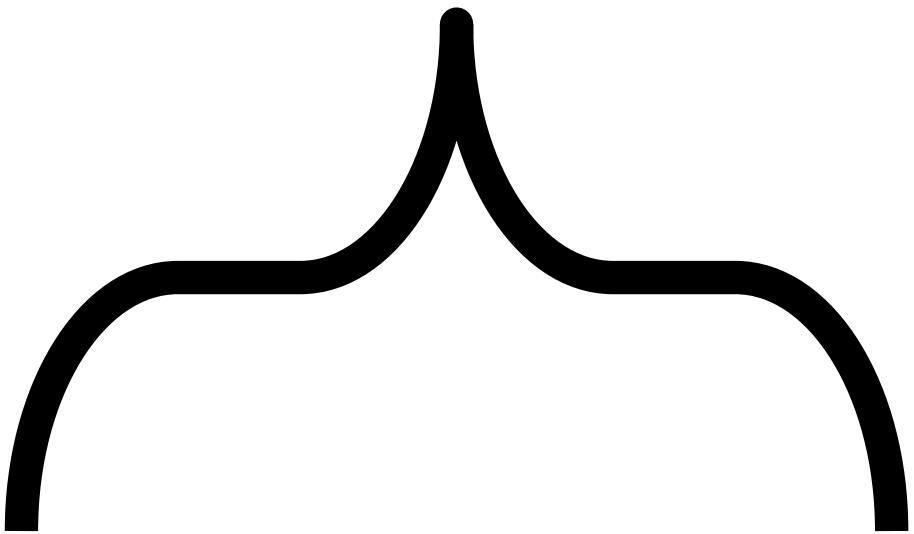
Savings increase (**shift up**) with pessimistic Expectations, when Wealth decrease, when the Price level rise

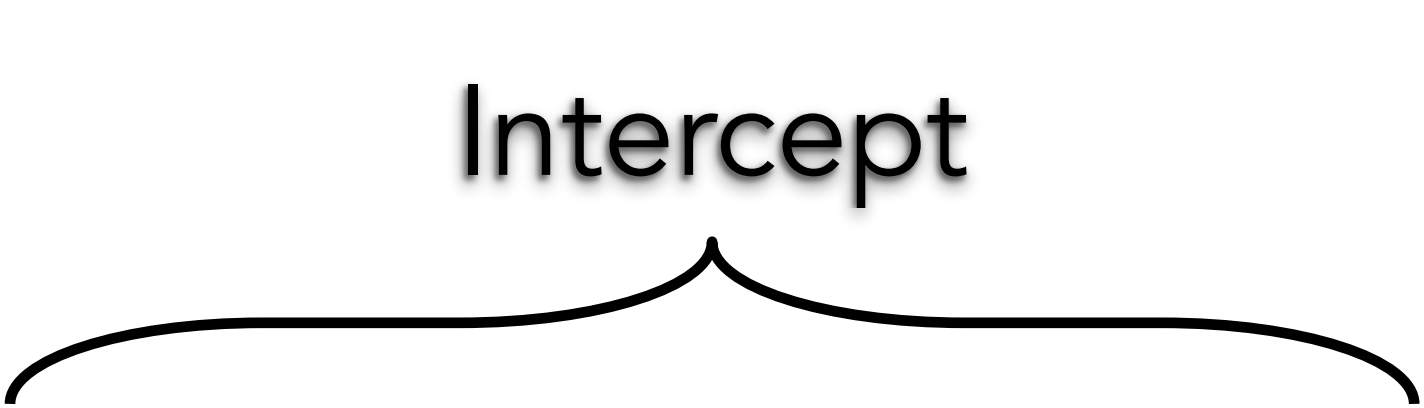

Savings increase
(**shift up**) when
Taxes decrease

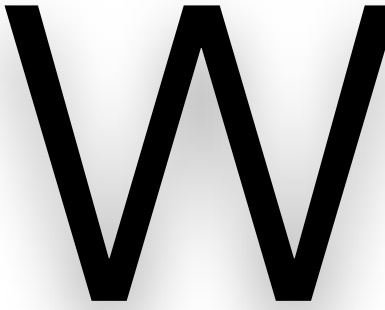

Savings increase
(**shift up**) when
Transfers increase

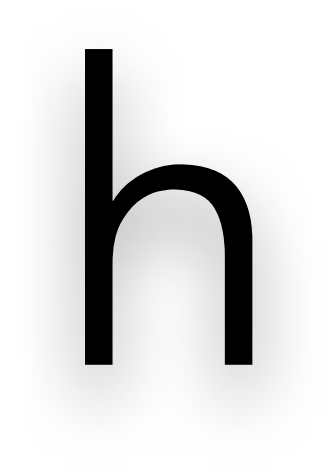
Savings increase when Income (Y) increase: a **movement up along** the savings line

Slope




Intercept





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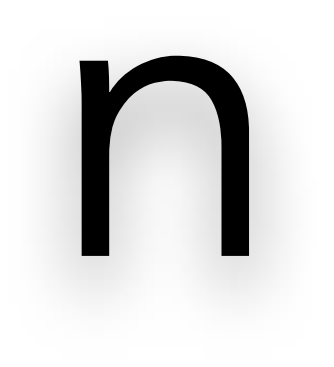
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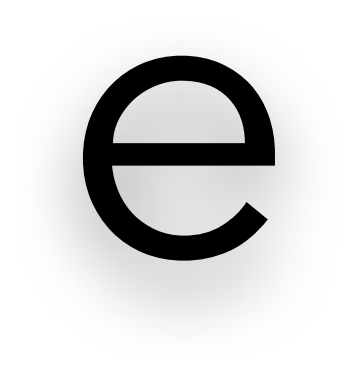

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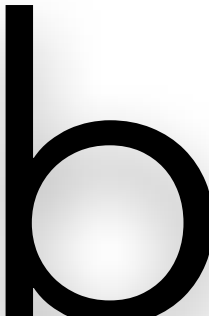

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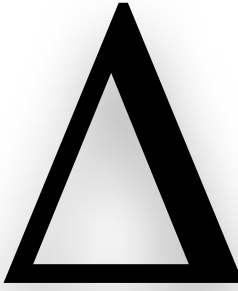

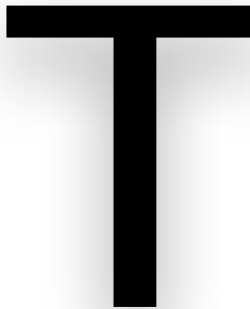

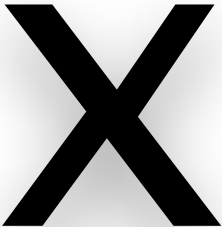


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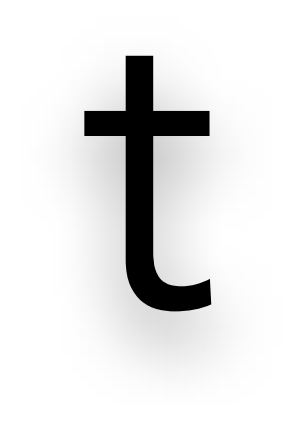

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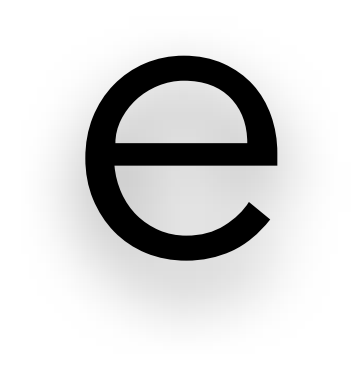

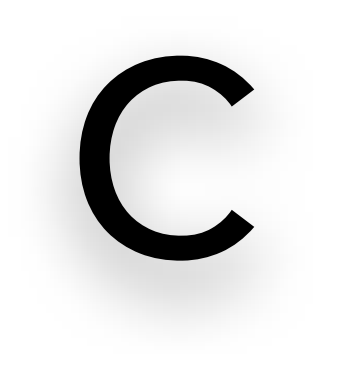
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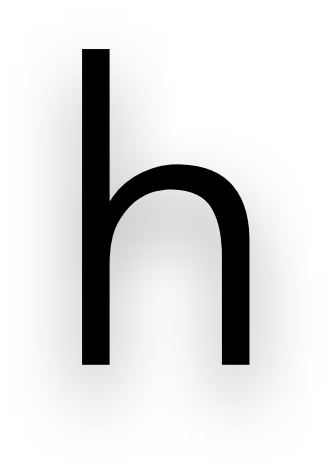

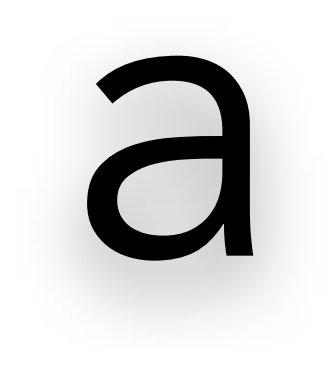
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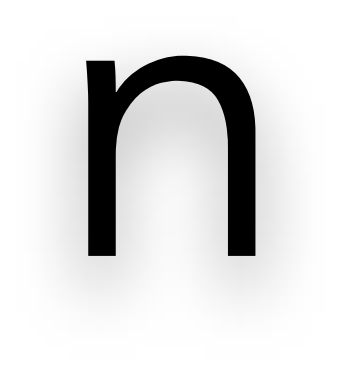
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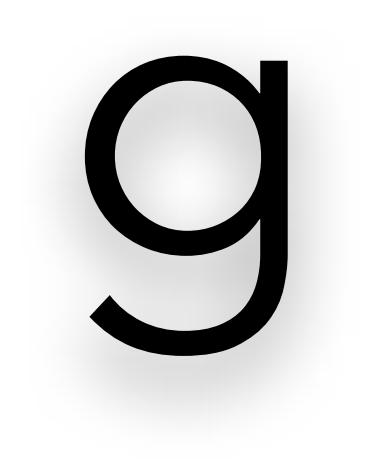

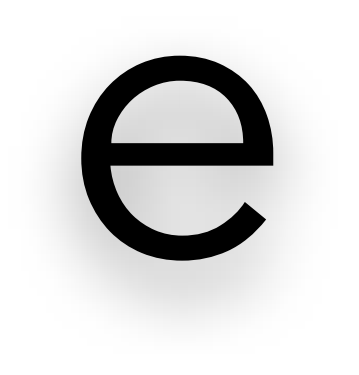

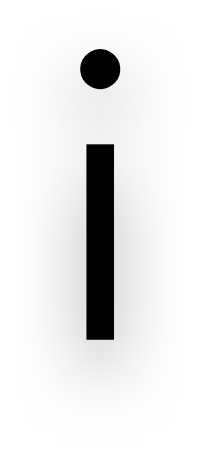

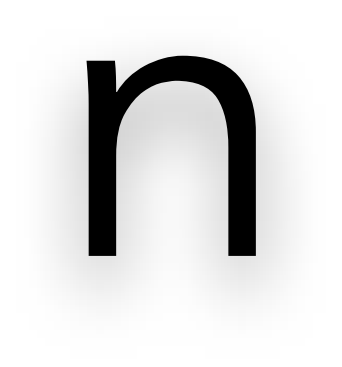
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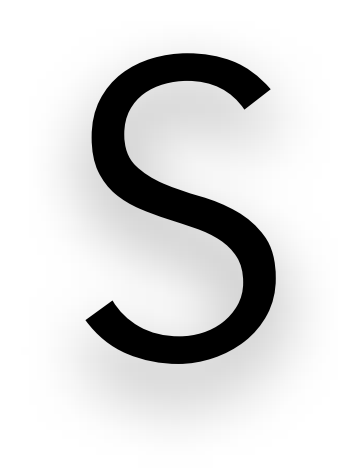

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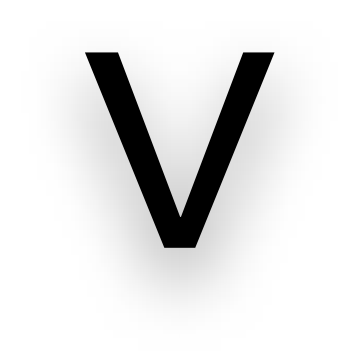

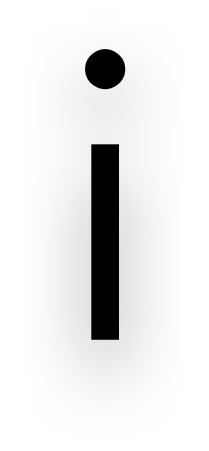

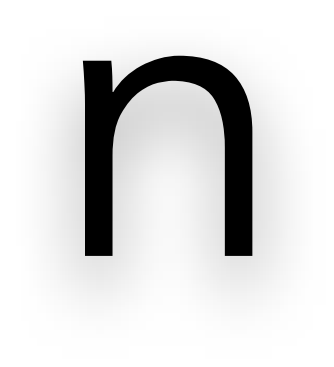

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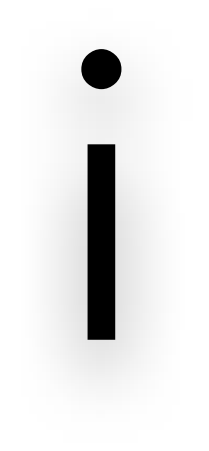

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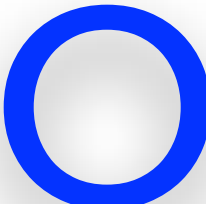

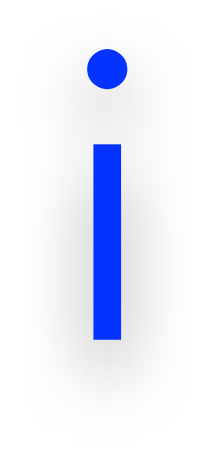

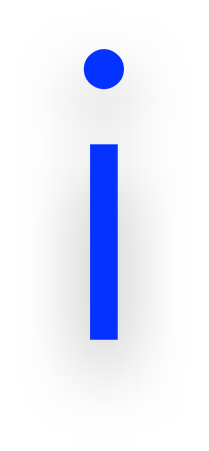


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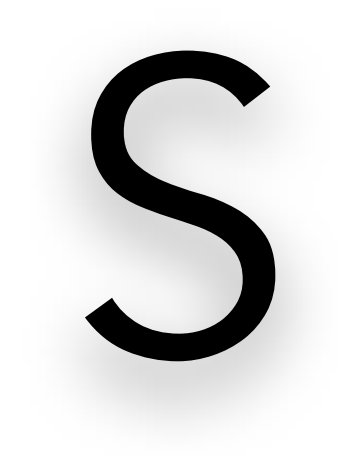

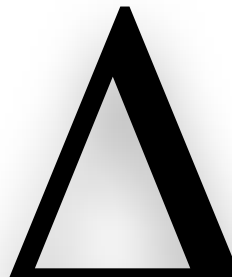

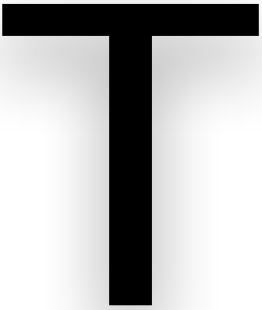

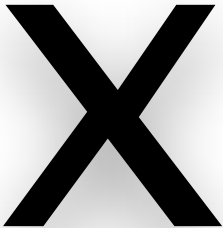

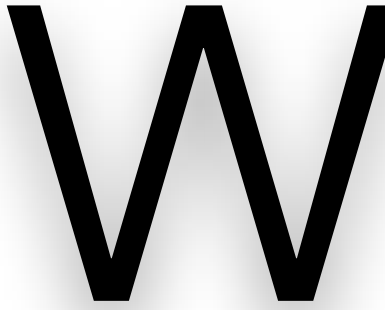

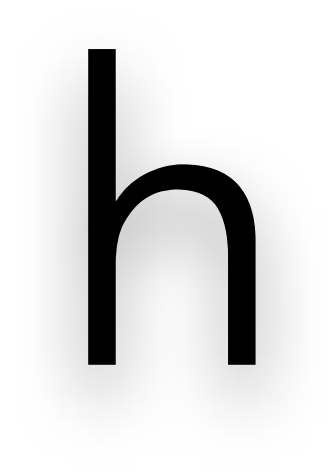

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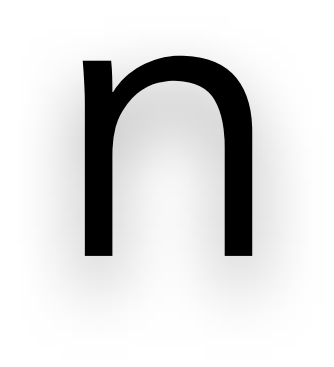

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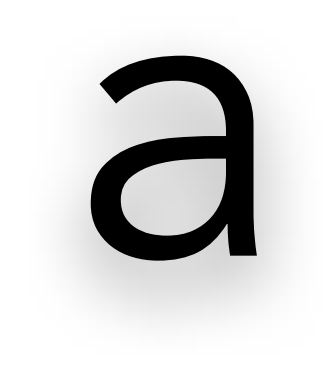
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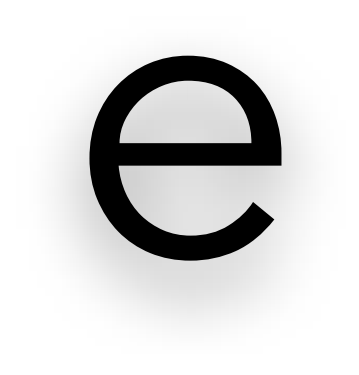

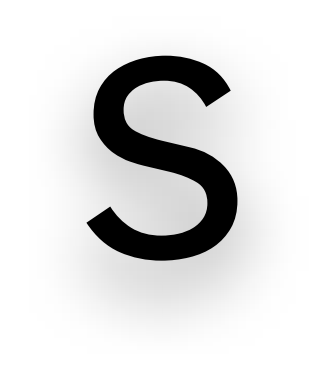

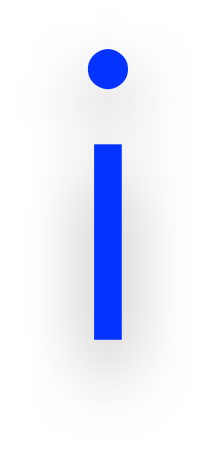


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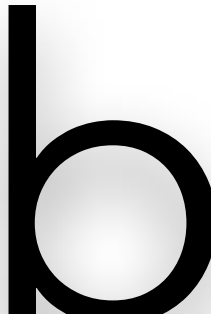

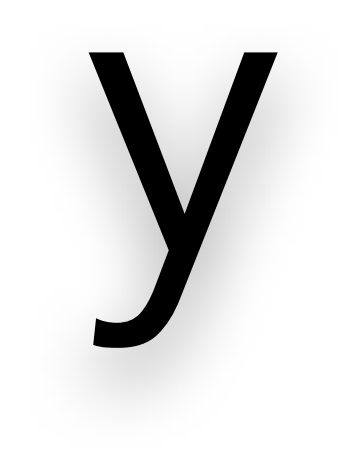

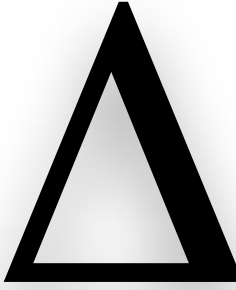

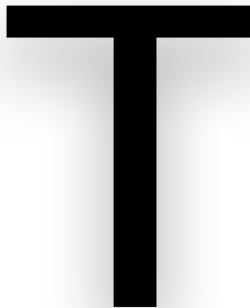

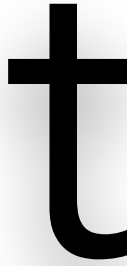

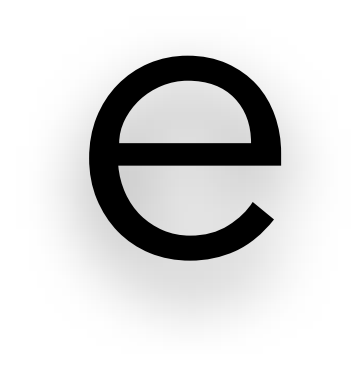

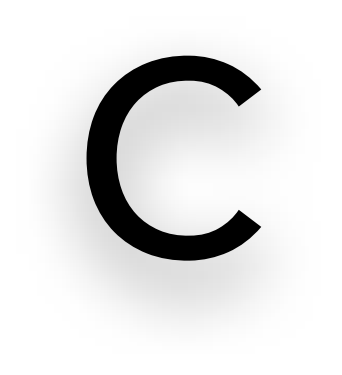
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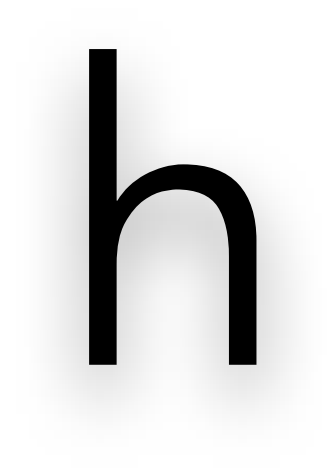

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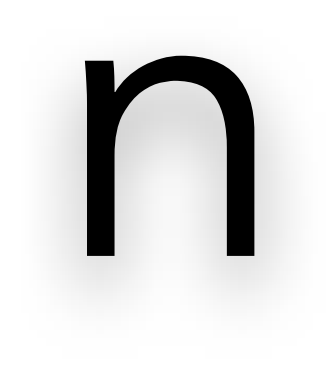

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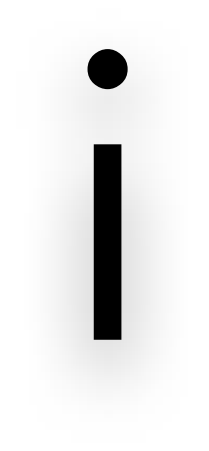

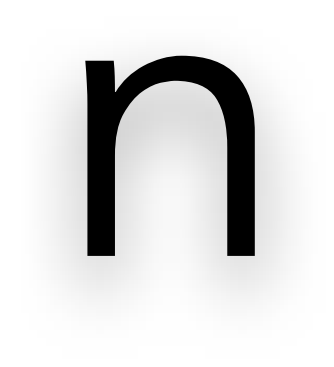

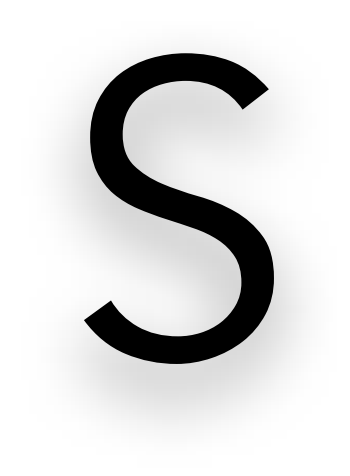

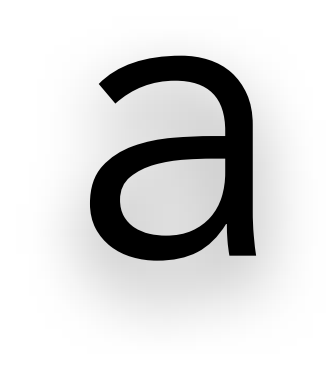
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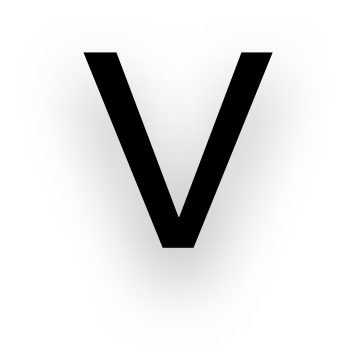

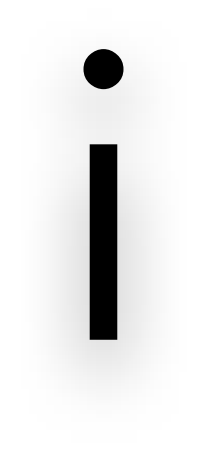

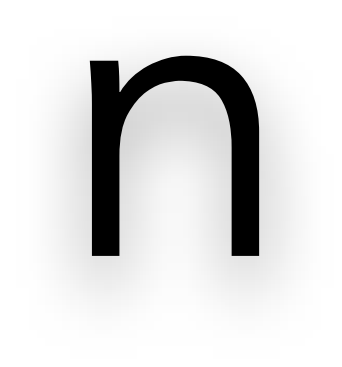
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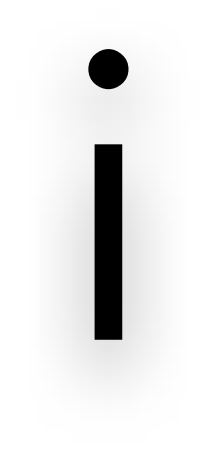

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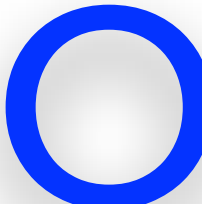

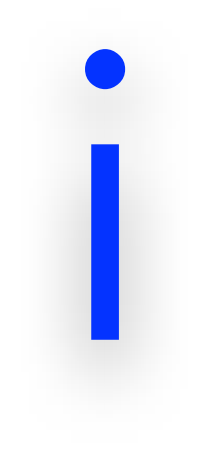

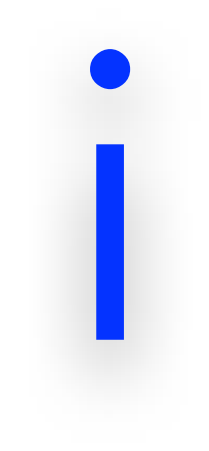

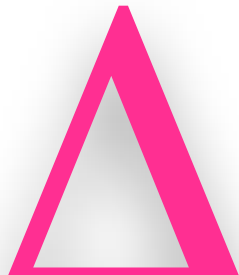

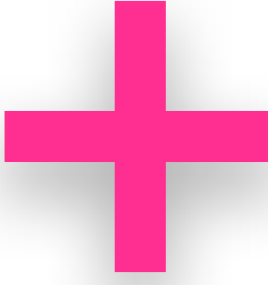


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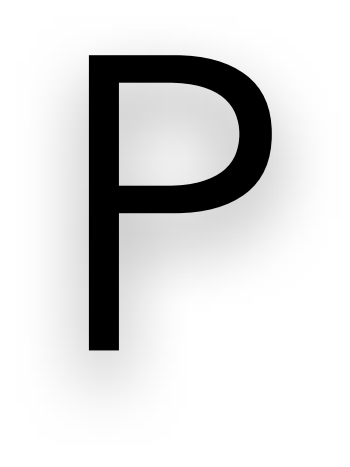
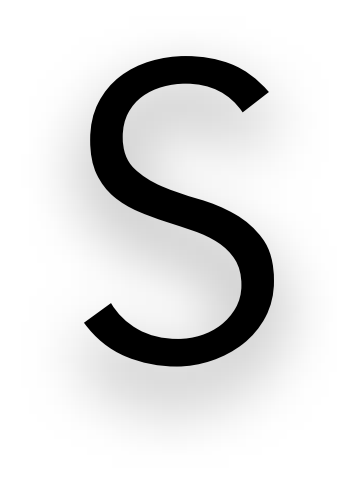
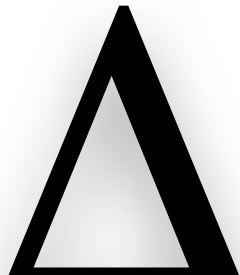
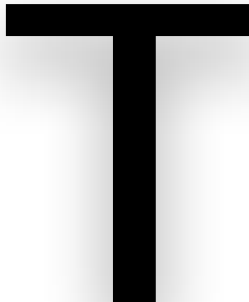




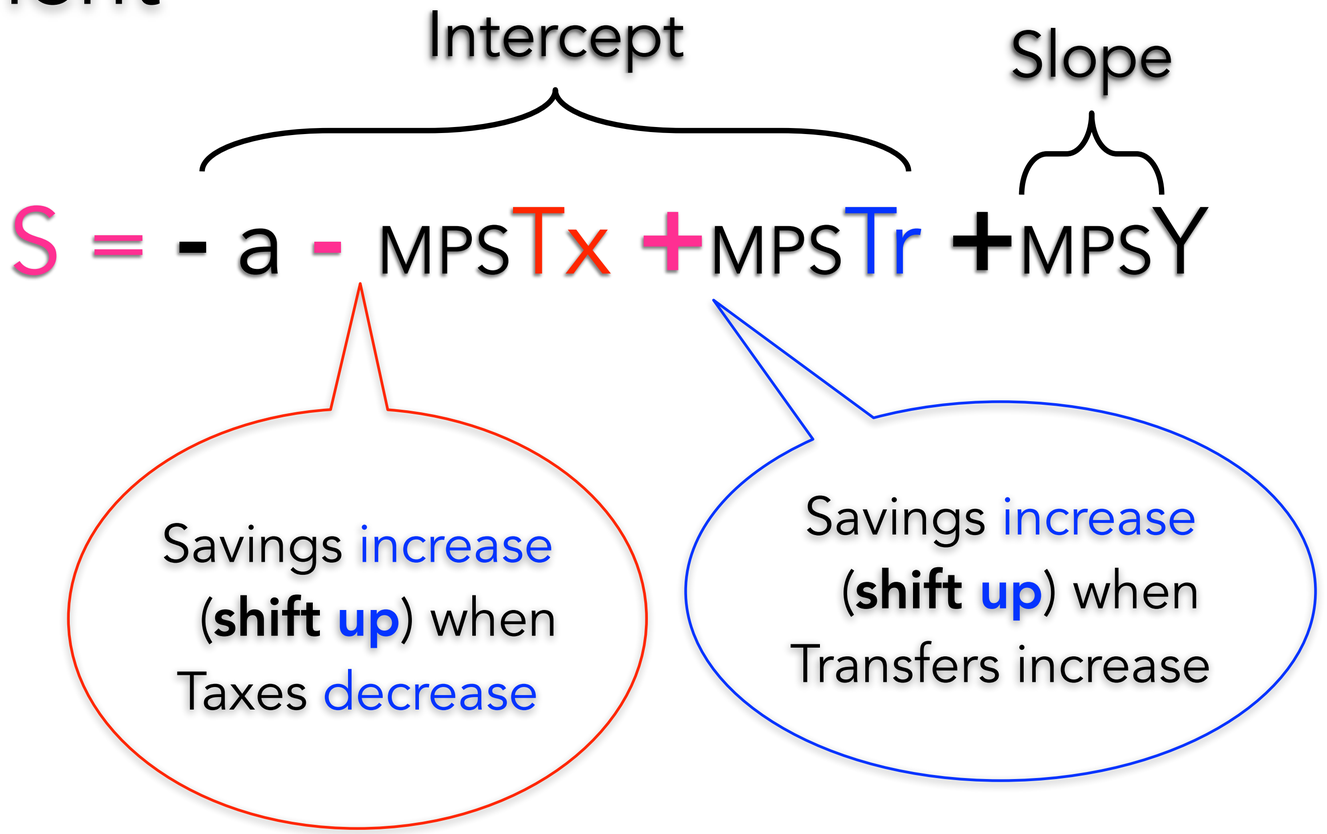




When taxes decrease by ΔTx (a negative number), the change in Savings is positive

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

With Government



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

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

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

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

Warning!