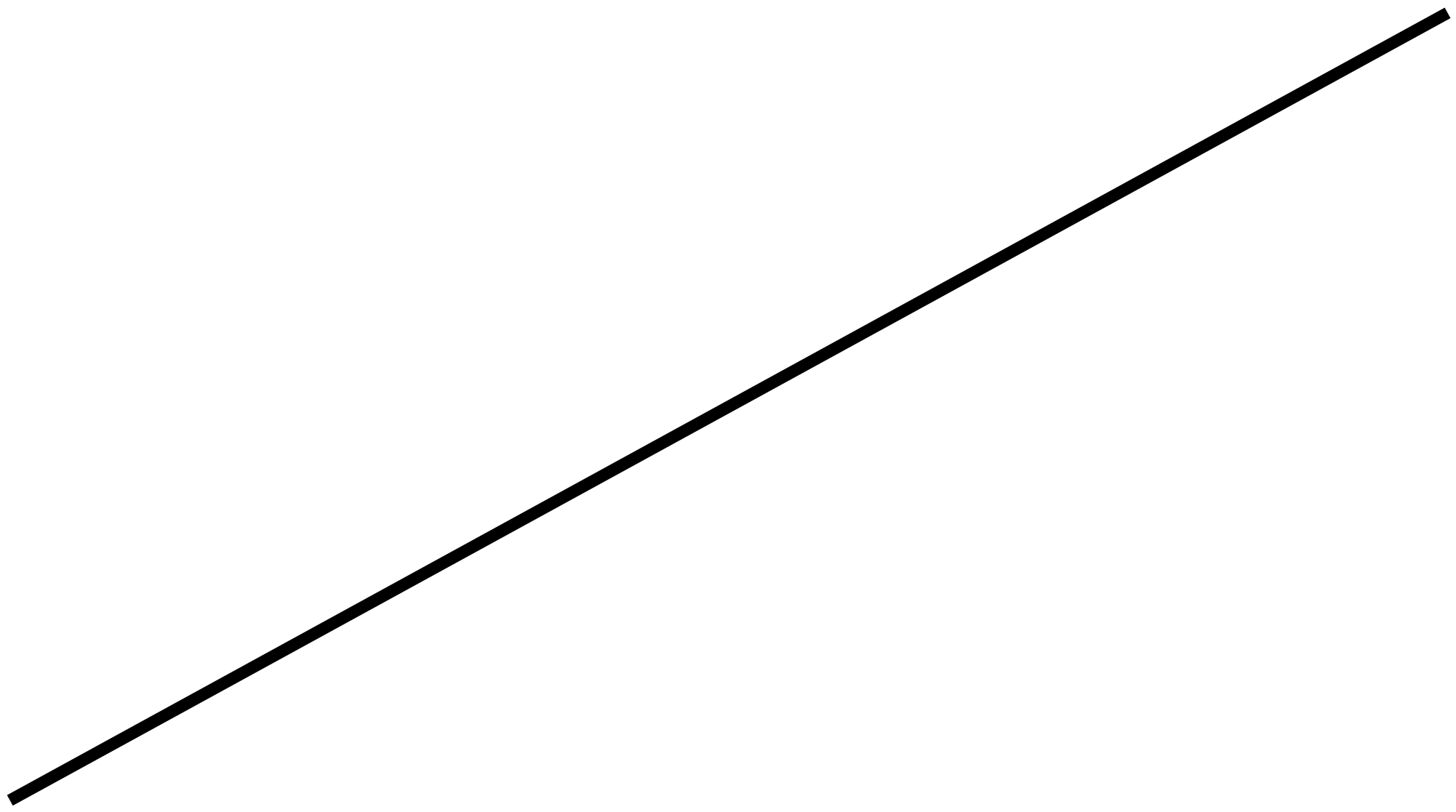
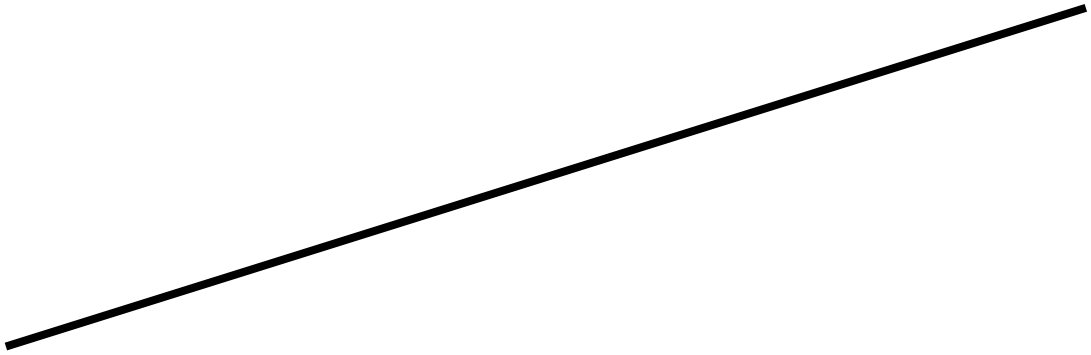
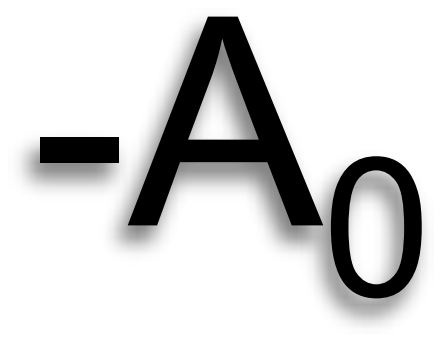
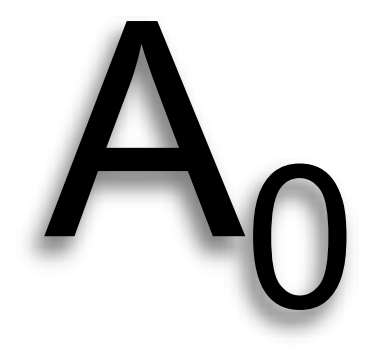





-A0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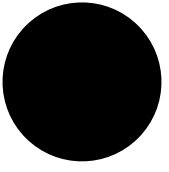
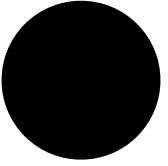


$$C_0 \equiv A_0 + MPC\ Y$$

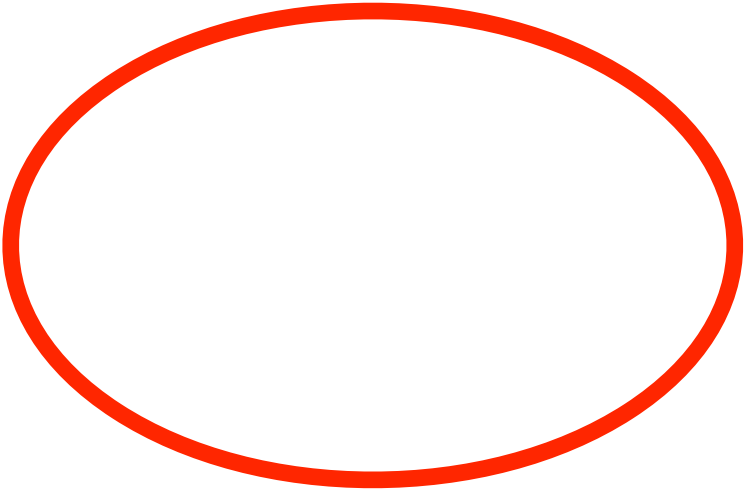


# With Government

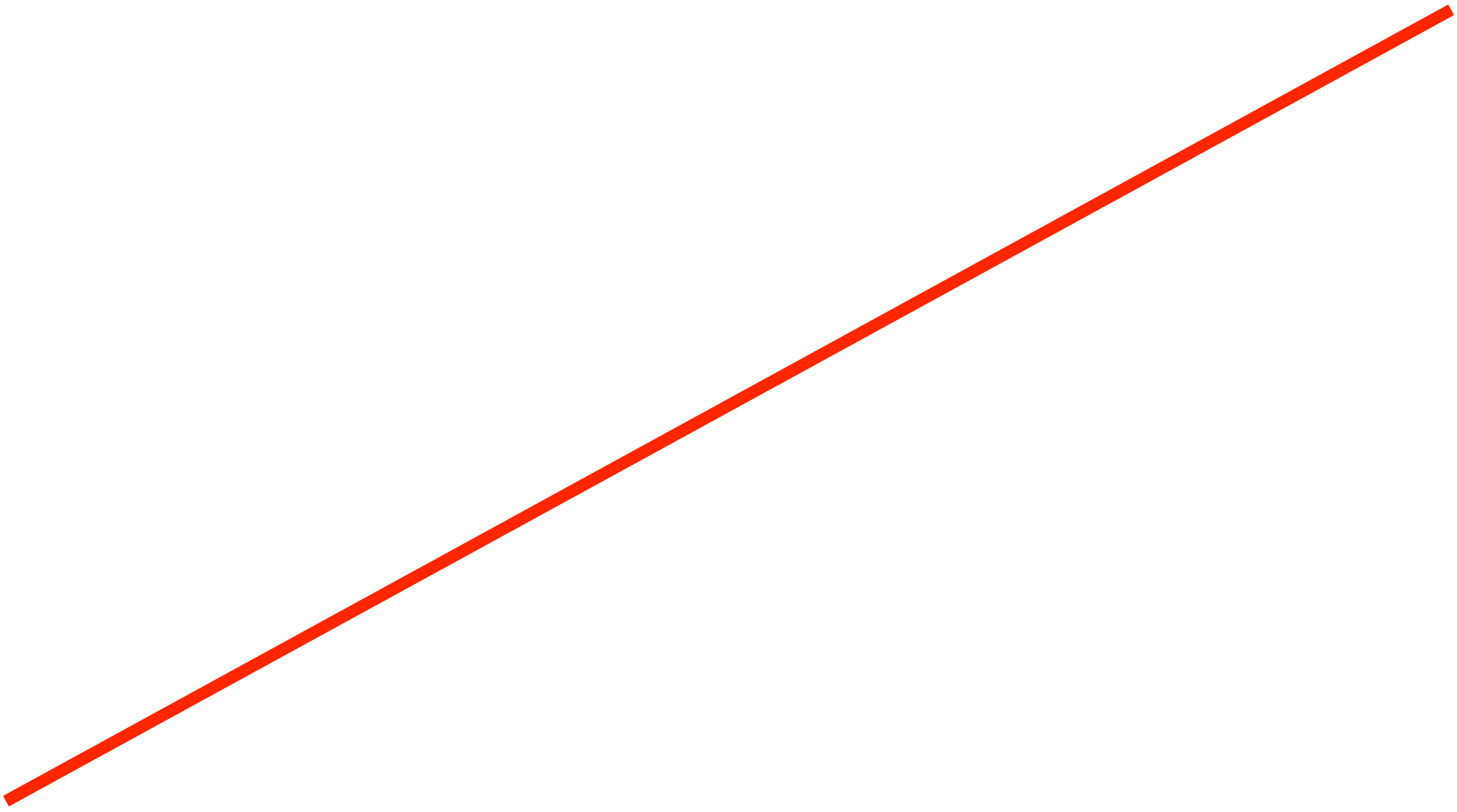
$$A = a - bT_x + bT_r$$

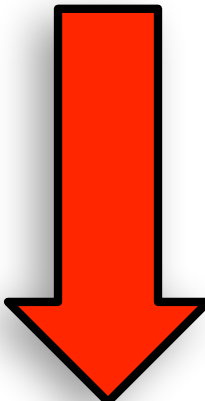
$$S + T_x - T_r$$

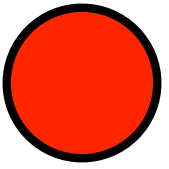
If taxes increase: Consumers have less disposable income, consumption drops



An increase in taxes, decreases the intercept: consumption shifts down

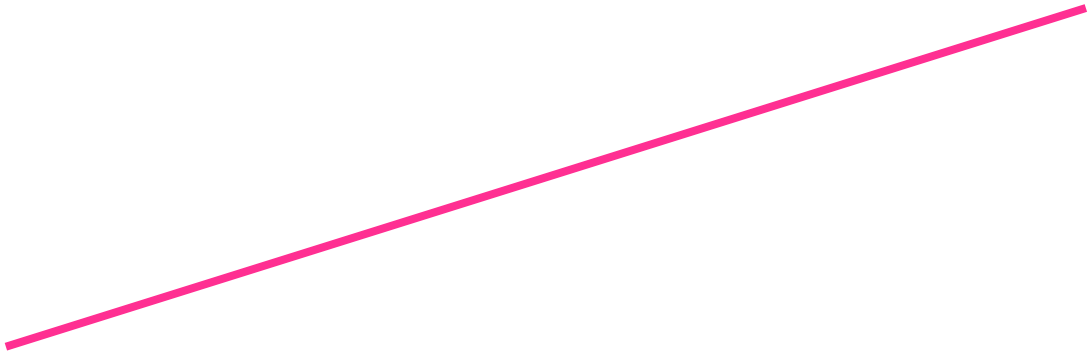


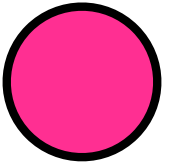


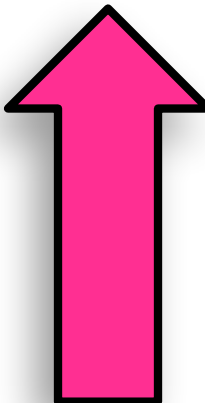



A1

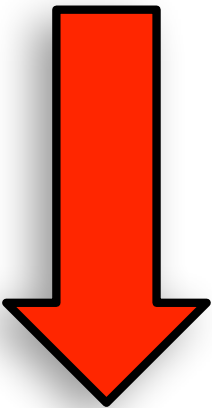

-A1

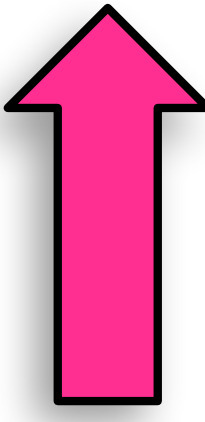






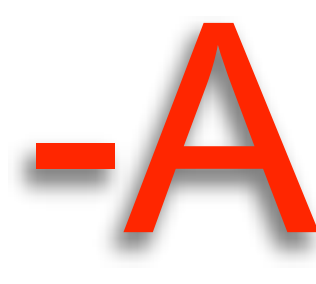
S+higher Tx - Tr





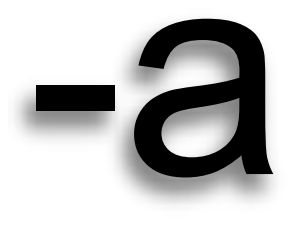
An increase in taxes, increases the intercept: S+Tx -Tr shifts up

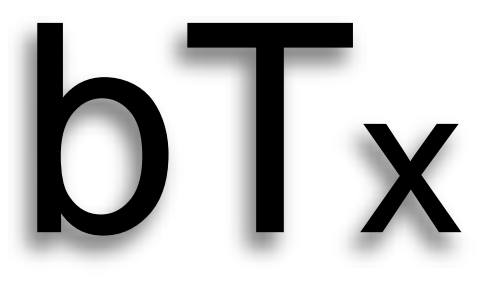
$$C_1 \equiv A_1 + MPC\ Y$$


-A

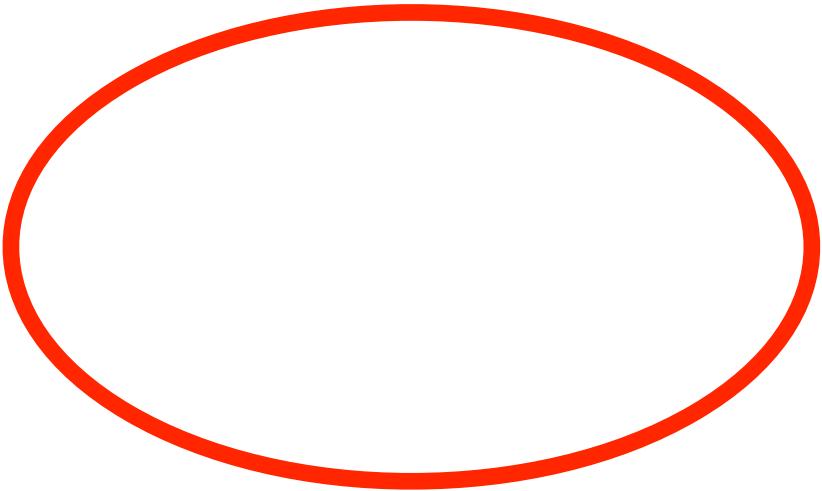
[redacted]

[redacted]


-a

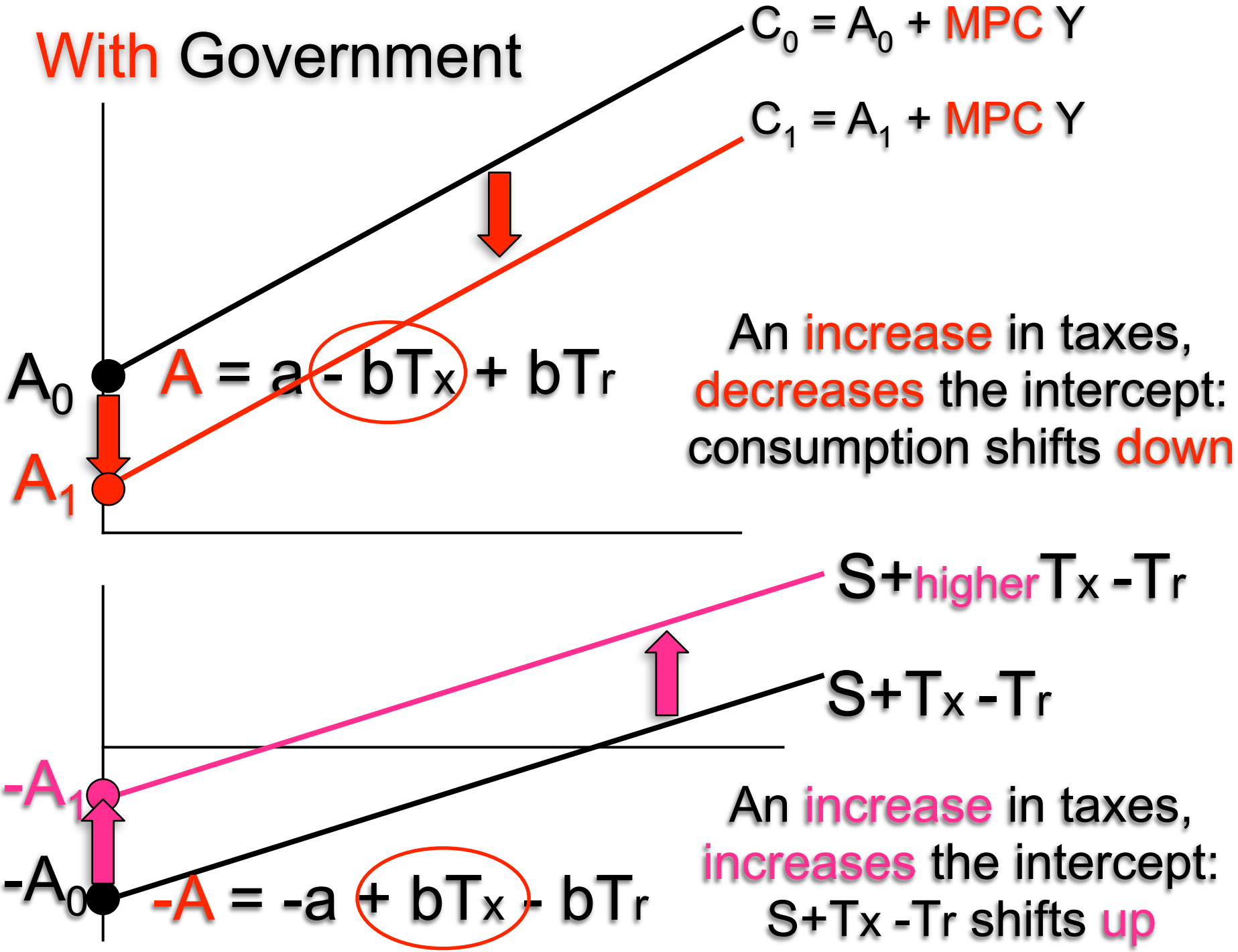

bTx


bTr



$$-A = -a + bT_x - bT_r$$

# With Government



# With Government