



2





C

=

a

+

MPC

Y

S

=

-

a

+

N

M

P

S

Y



Without Government



Same
intercept but
negative





$$1 - \text{MPC} = \text{MPS}$$





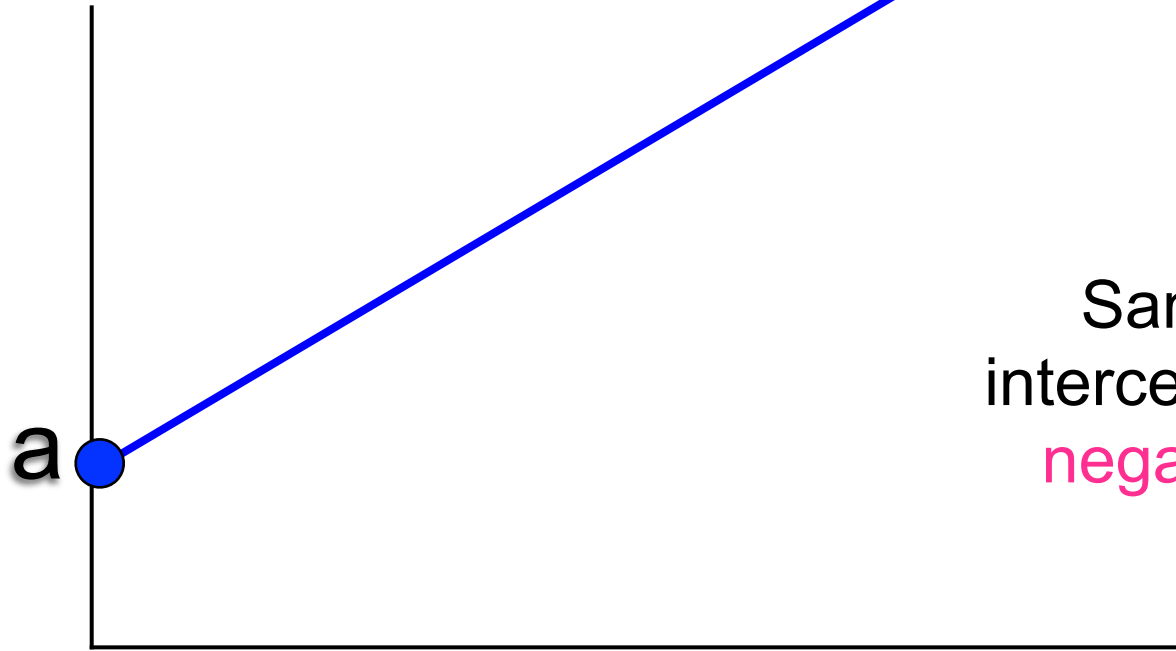
Intercept changes with changes in
wealth, expectations and the CPI



Savings shift with changes in wealth,
expectations and the CPI

Without Government

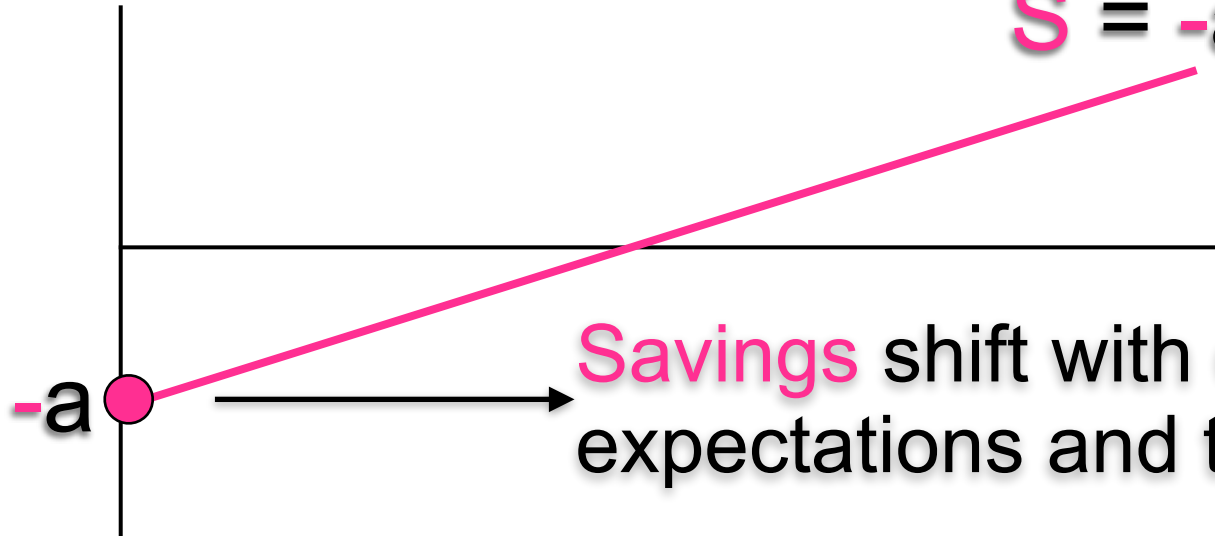
$$C = a + MPC Y$$



Same
intercept but
negative

$$1 - MPC = MPS$$

$$S = -a + MPS Y$$



Savings shift with changes in wealth, expectations and the CPI

With Government

