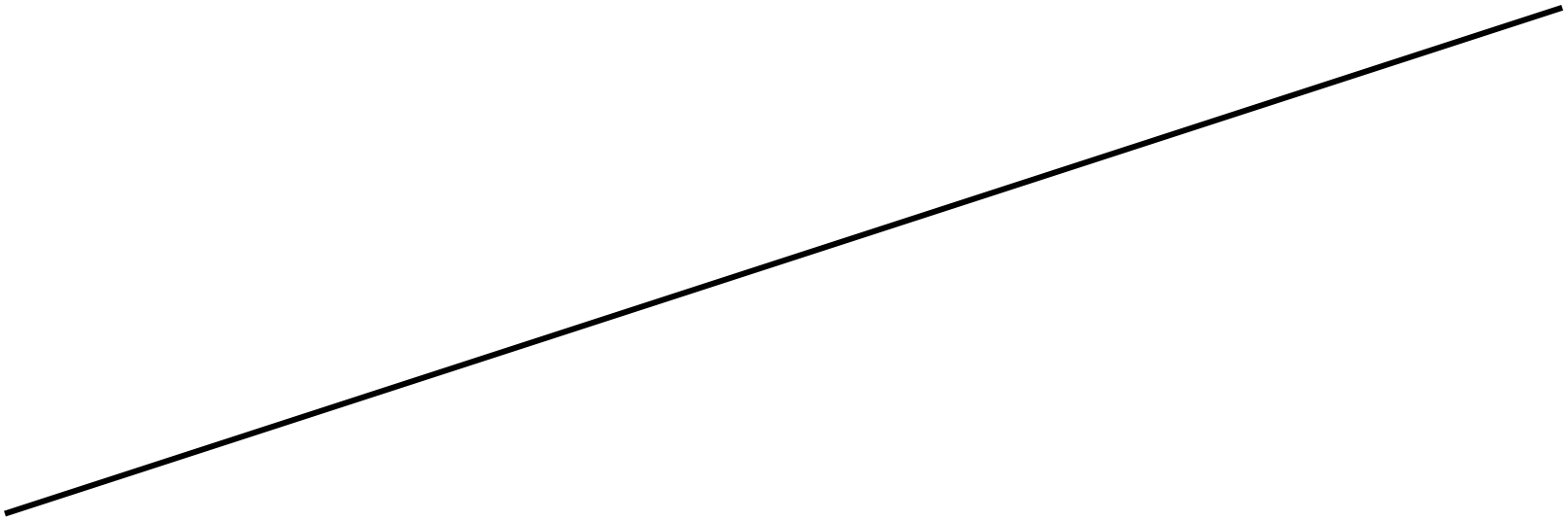
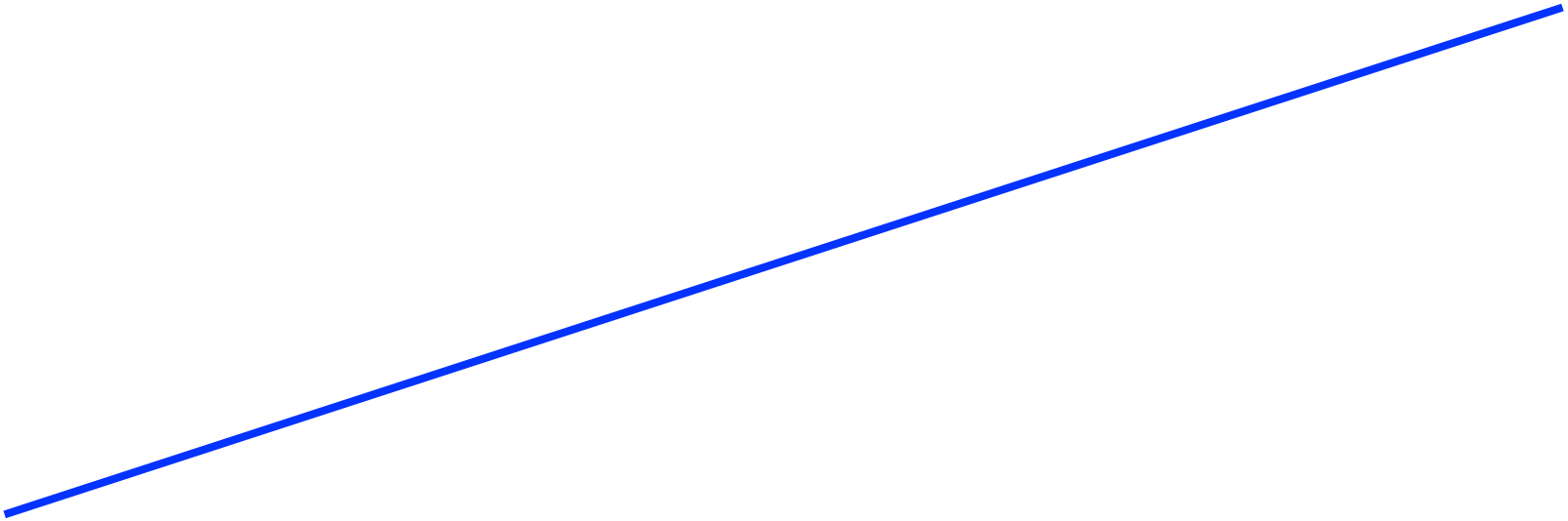




Real Income \equiv Real GDP \equiv Y















AE

CandAE

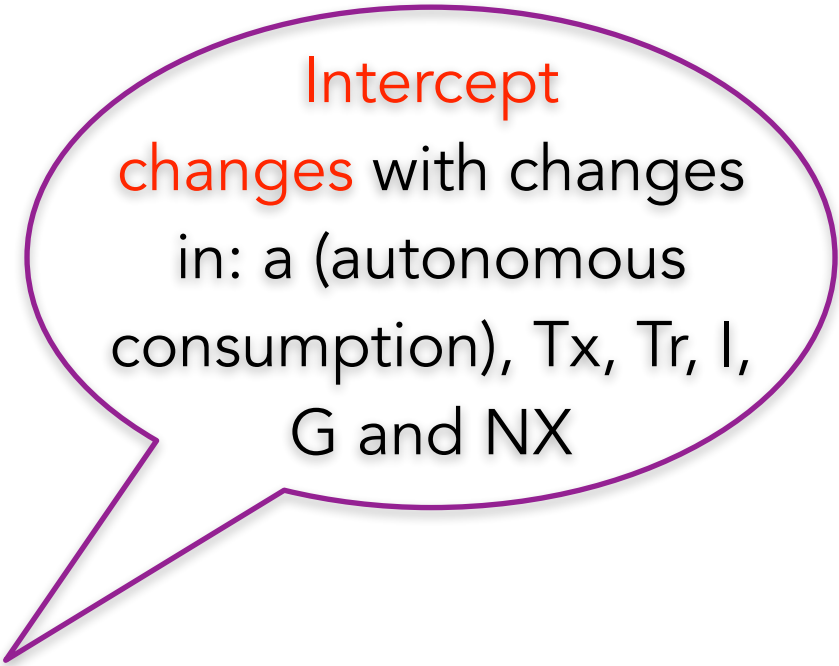
$a - b^T x + b^T r$

$$C = (a - bTx + bTr) + bY$$



$$(a - b^T x + b^T r) + I + G + N x$$





Intercept
changes with changes
in: a (autonomous
consumption), T_x , T_r , I ,
 G and NX

$$AE = C + I + G + NX$$

AE line

shifts with changes in:
a (autonomous
consumption), T_x , T_r , I ,
 G and NX

