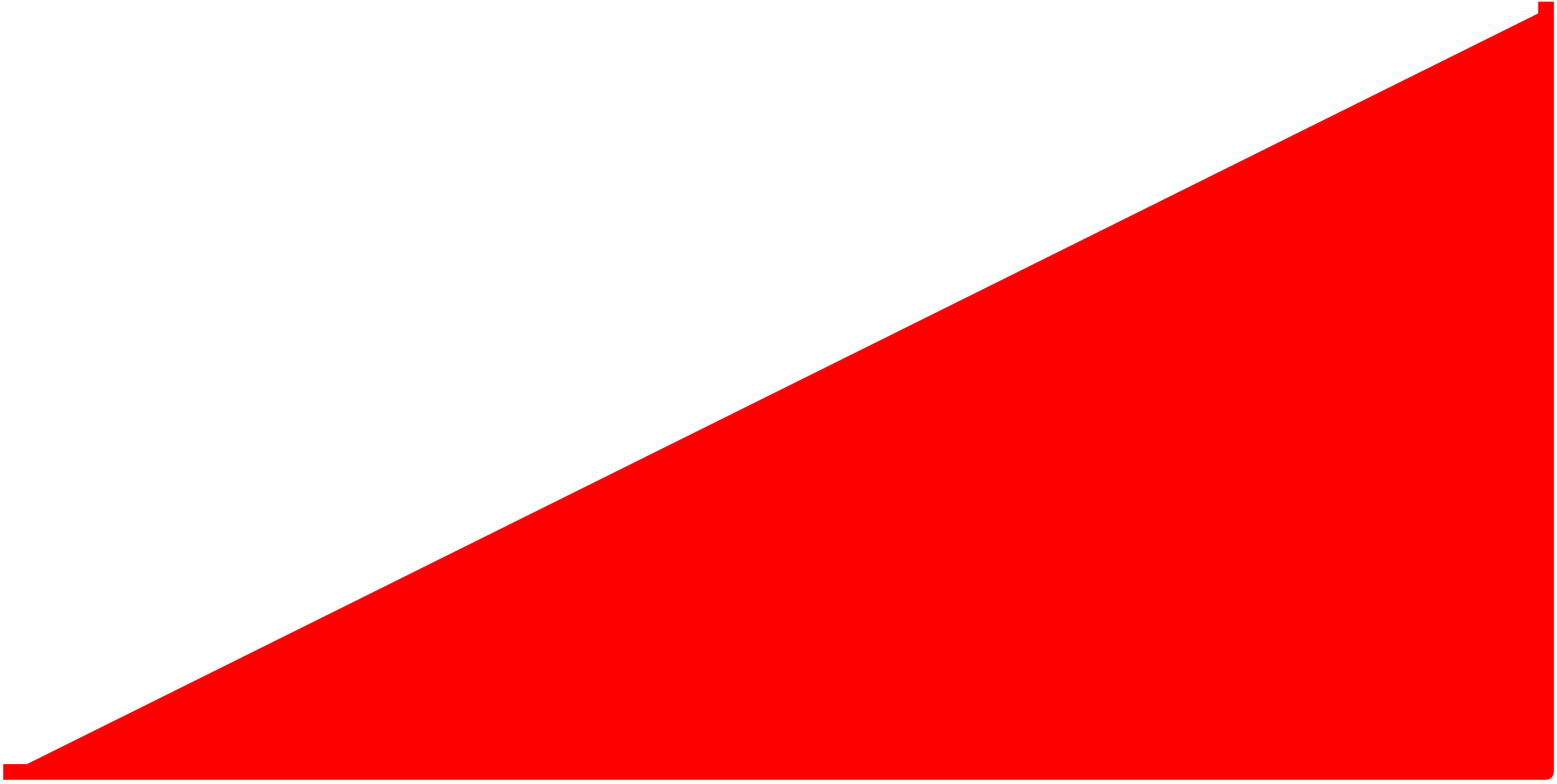
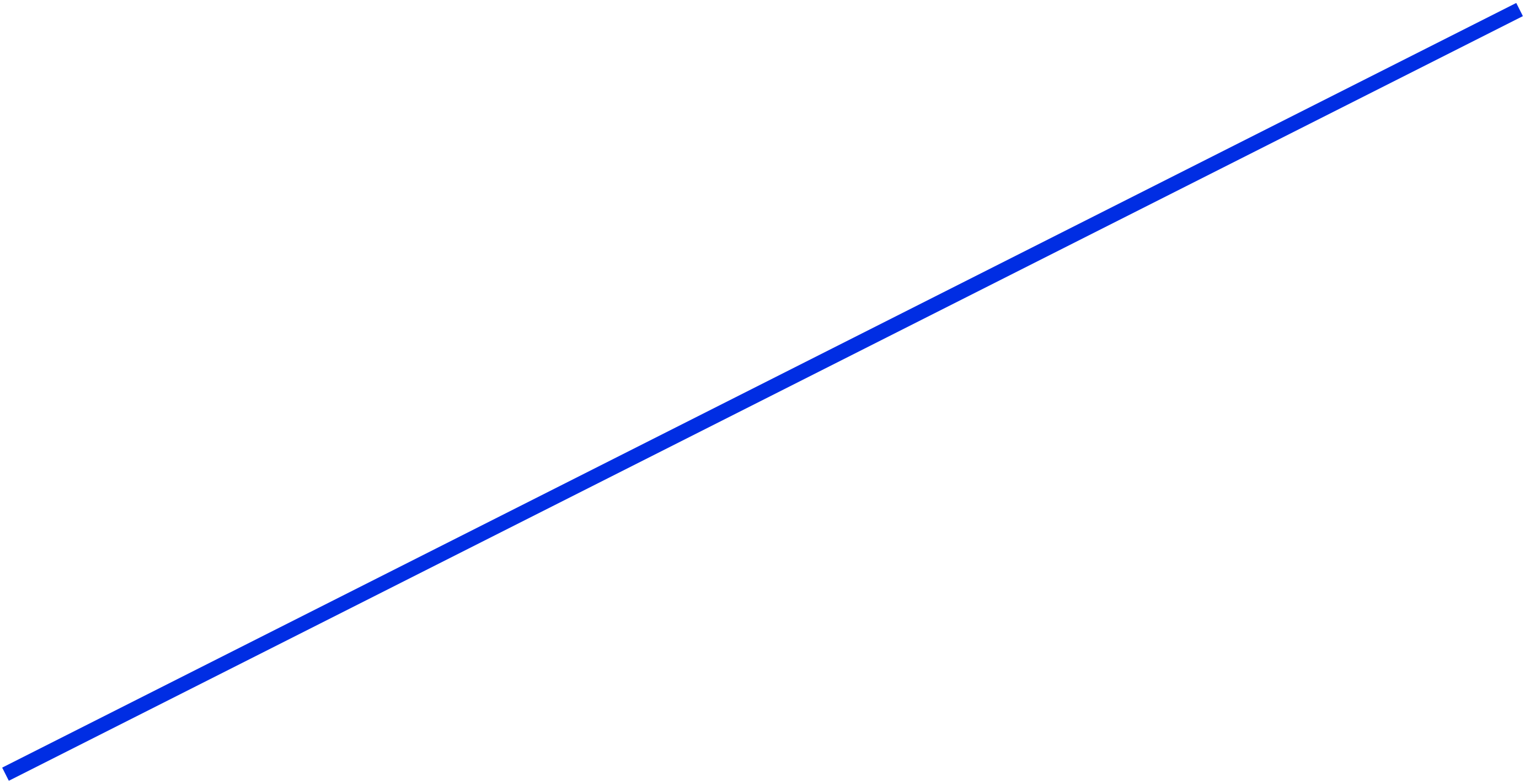




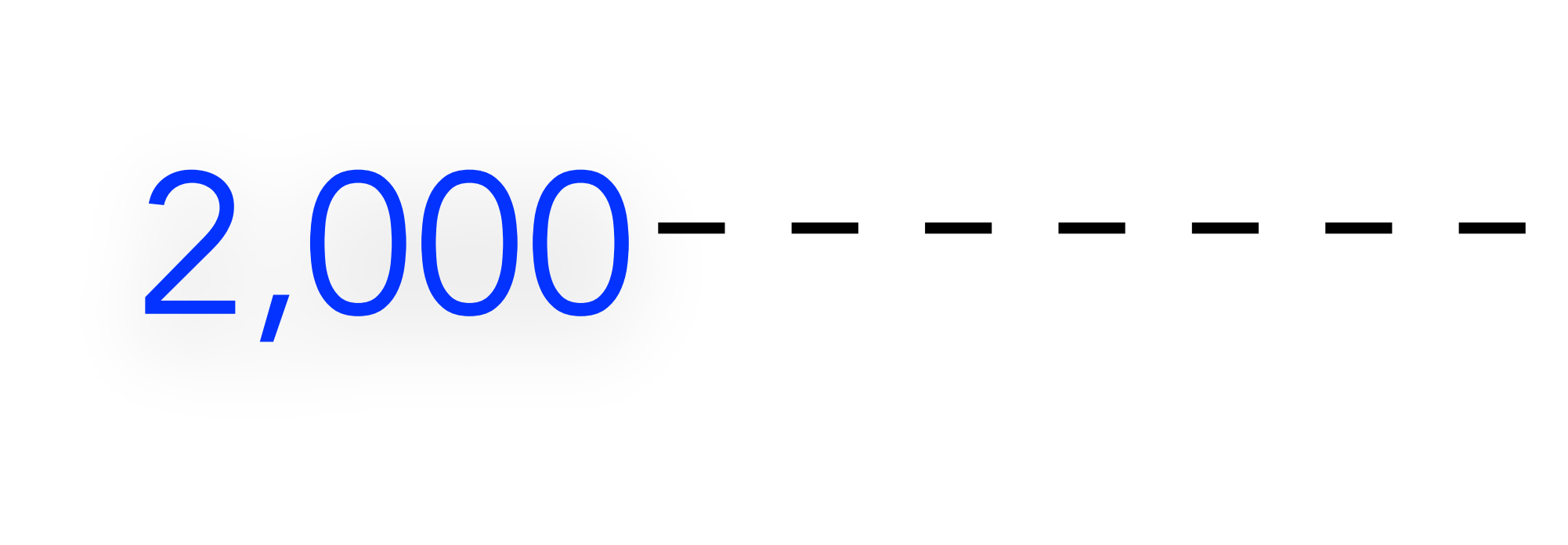
Real Income Billions

Consumption Billions

3,875

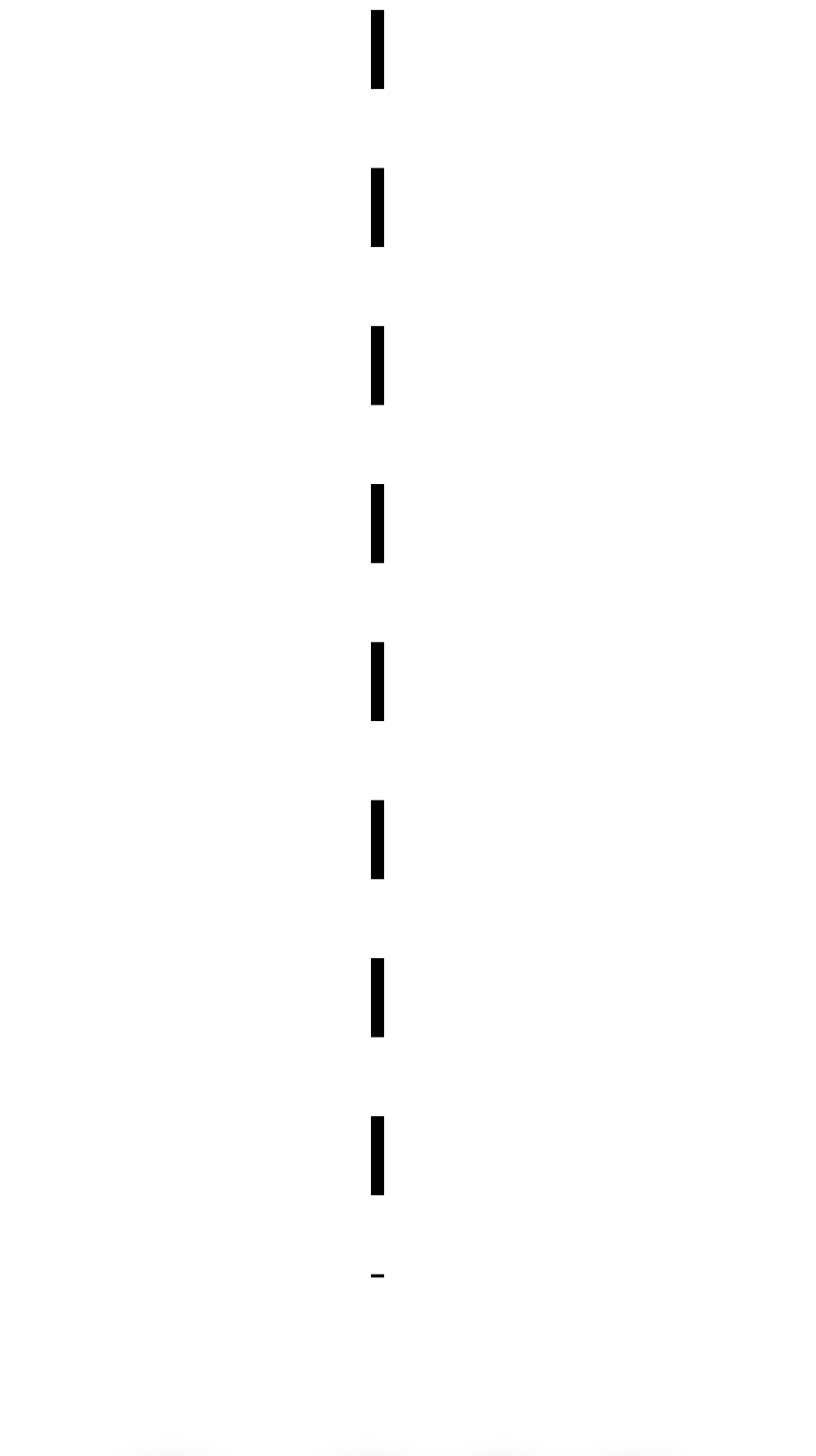
3,125

2,375


2,000

3,500

2,750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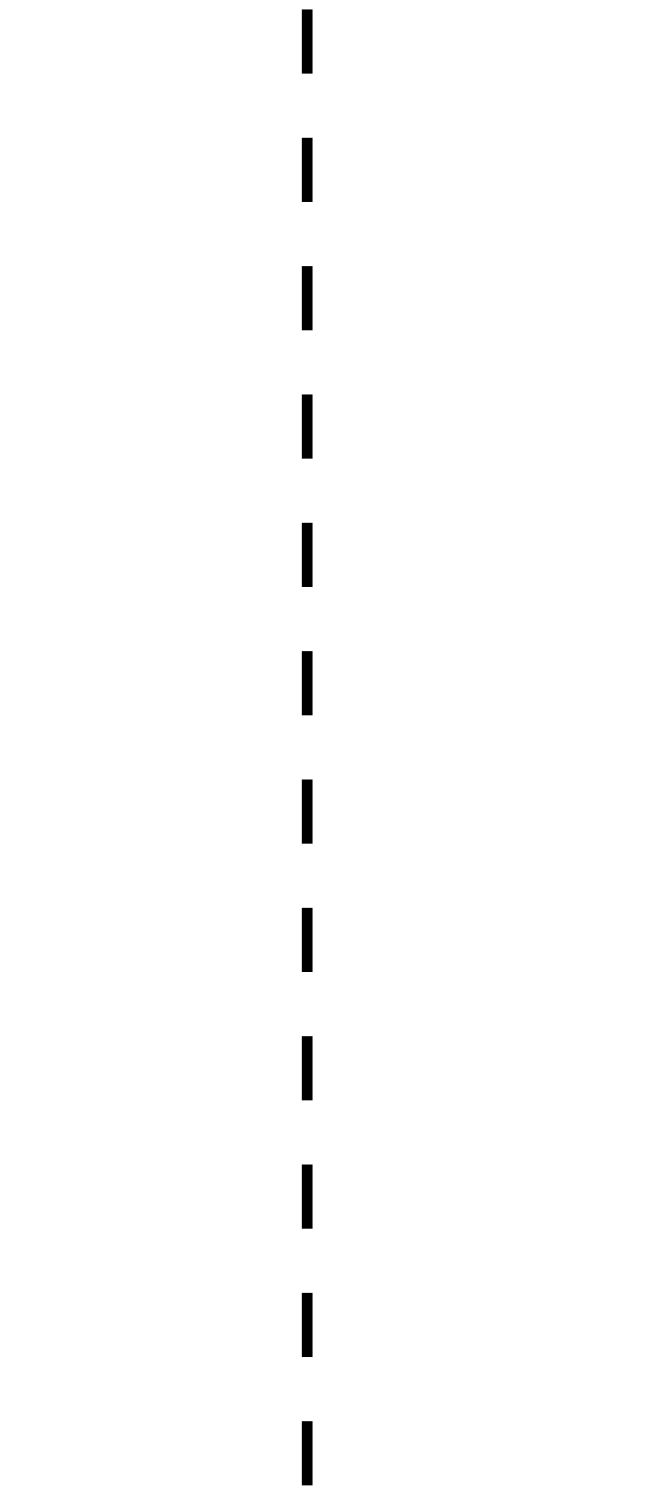
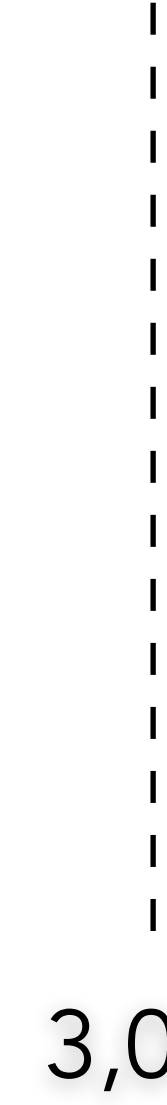
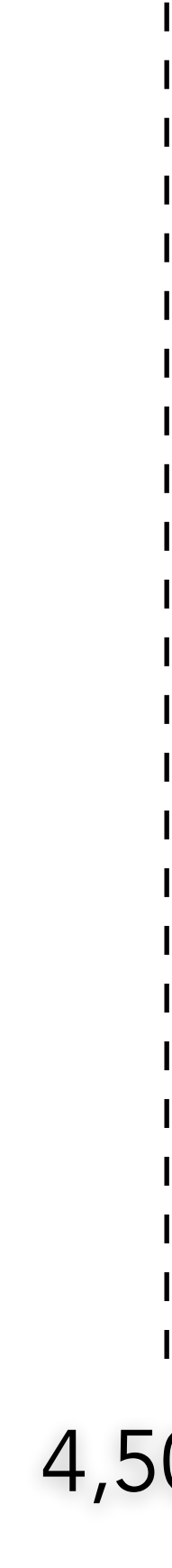


2,500


3,000

3,500

4,000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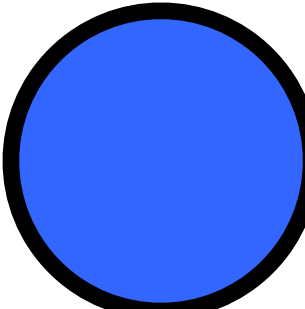
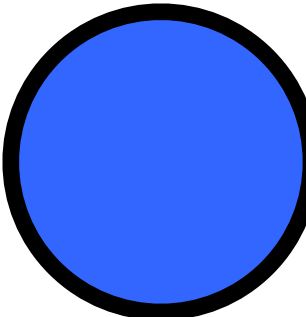
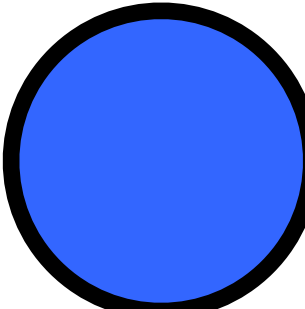
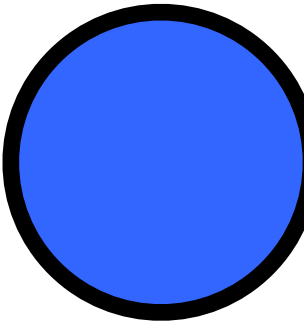
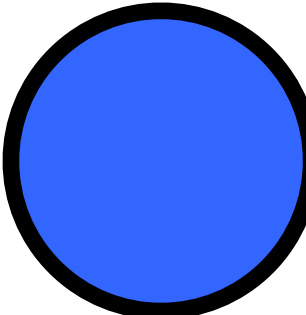
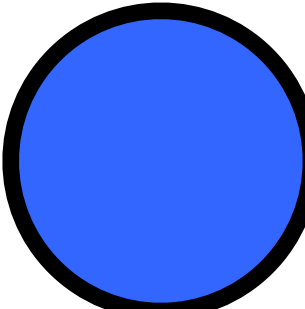




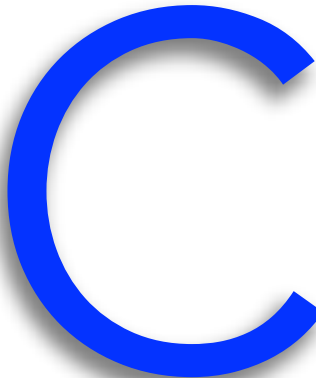


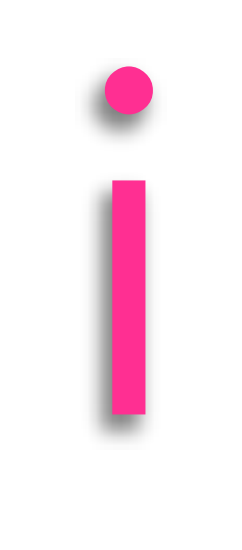


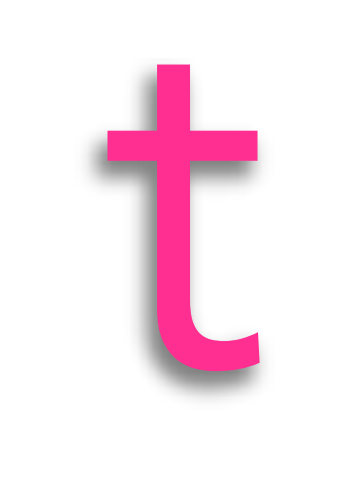


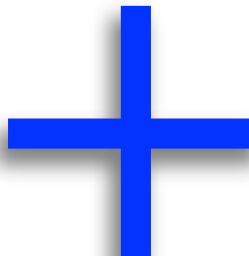


These observations can be described with a line

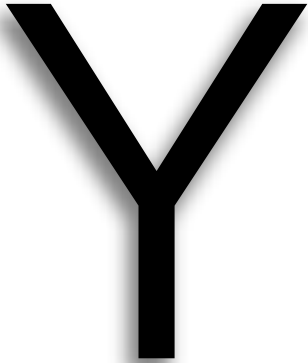








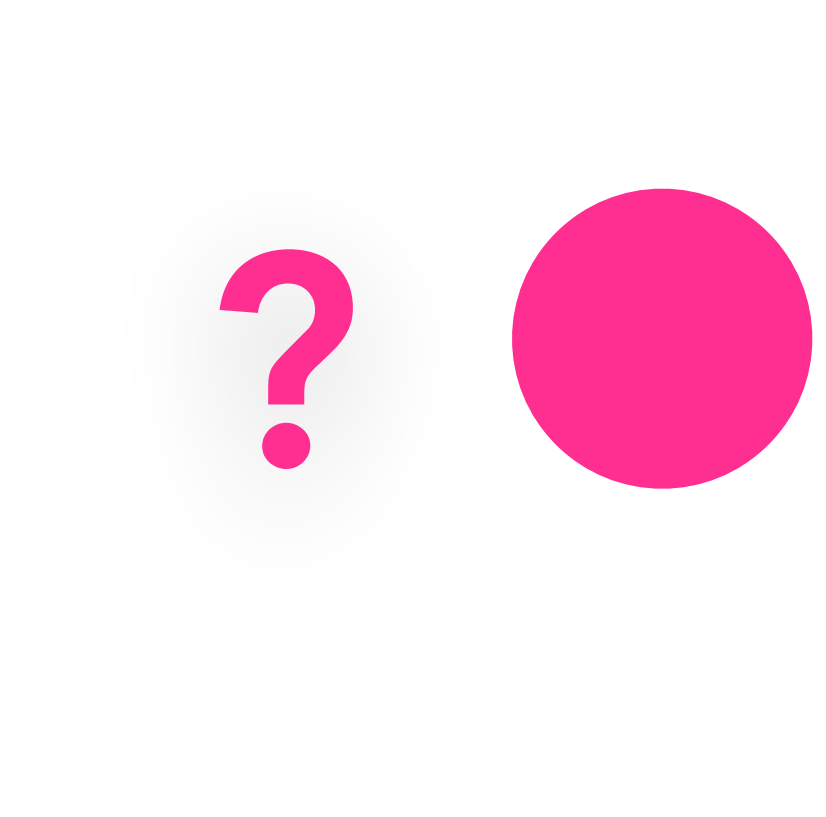
M



To determine the line which contains these observations, we need to calculate two values:

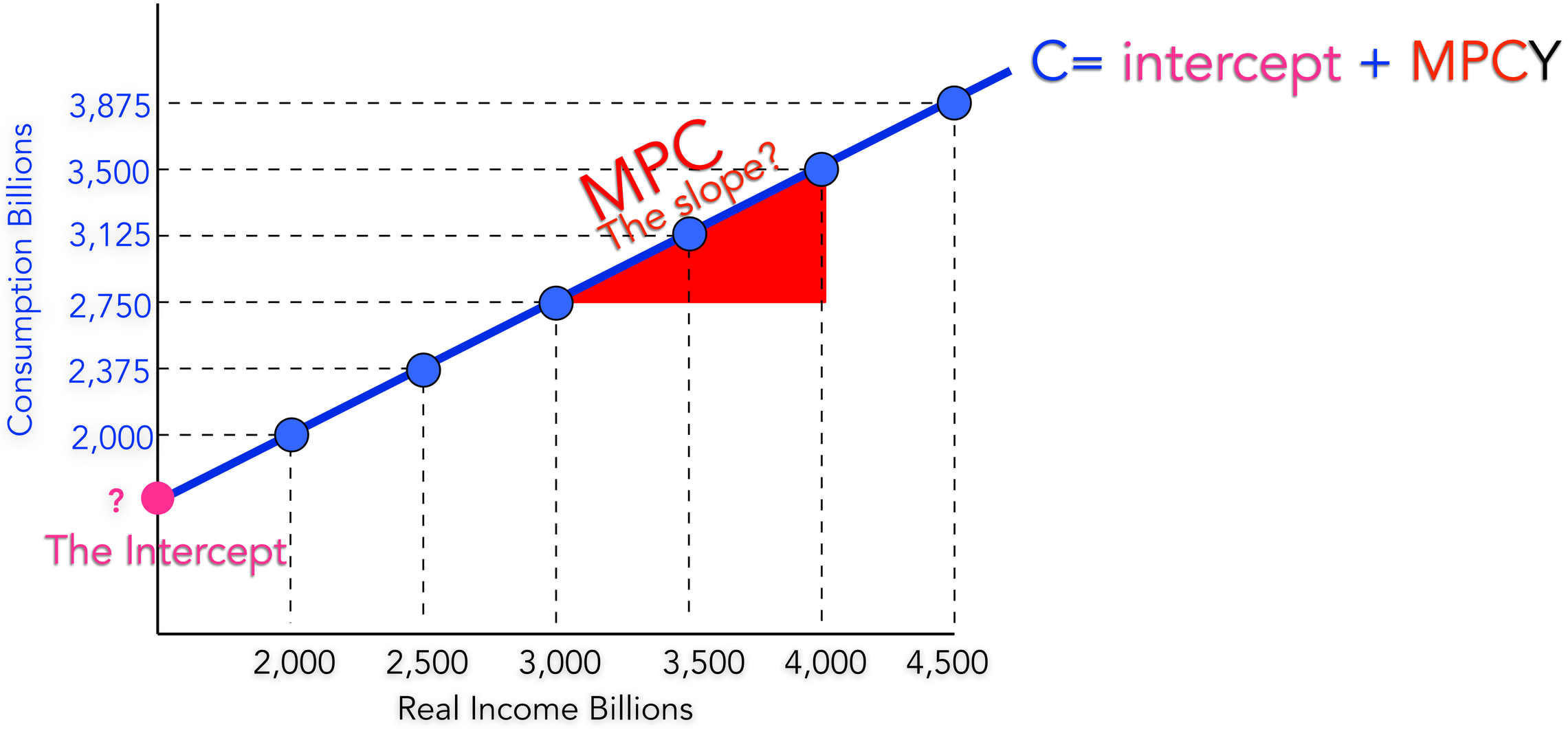
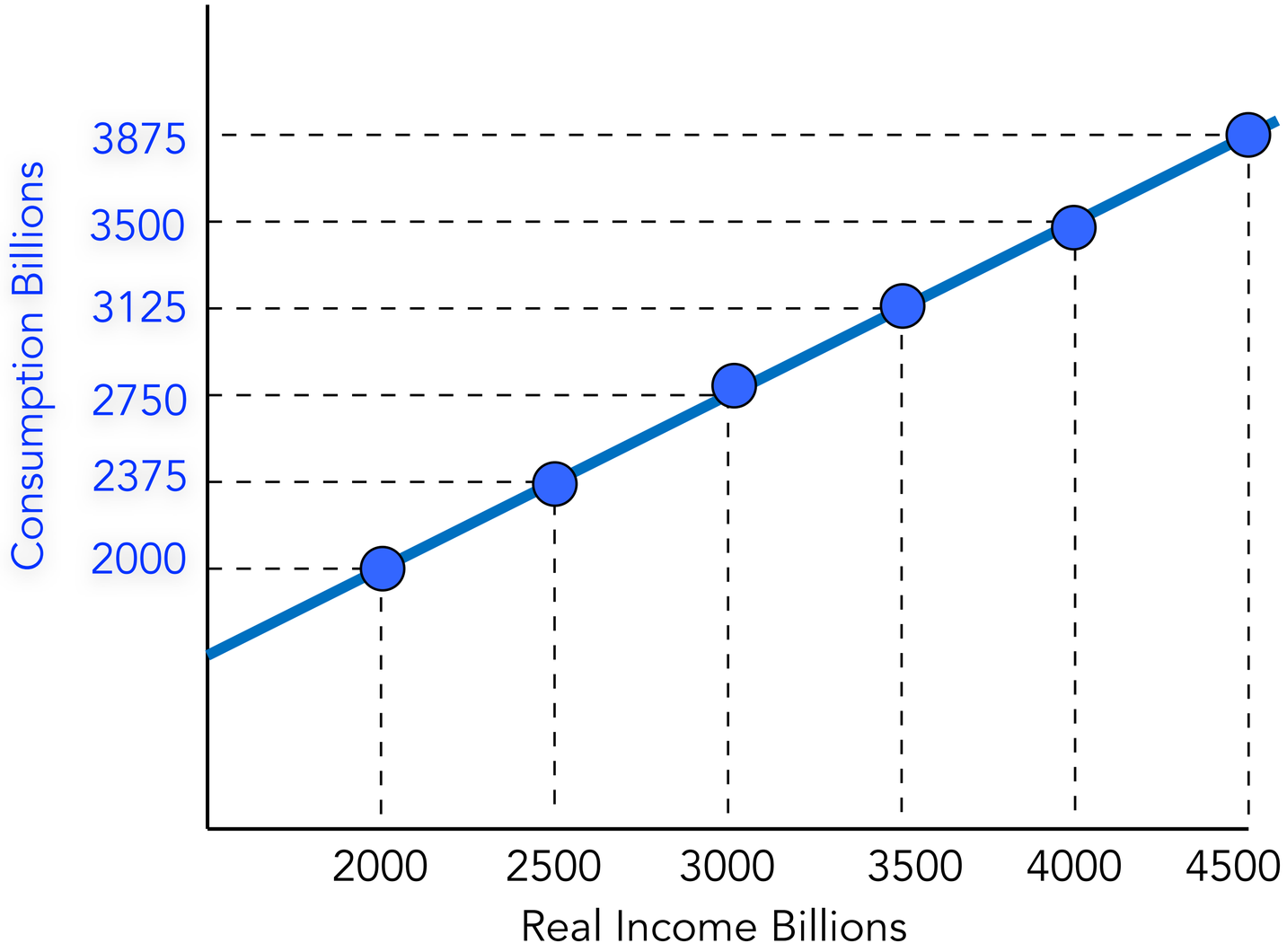
The Intercept

The slope?



MPC

To determine the line which contains these observations, we need to calculate two values:



Calculating the slope