



$$S = -a - \text{MPS}^{\text{Tx}} + \text{MPS}^{\text{Tr}} + \text{MPS}^{\text{Y}}$$

With Government

A speech bubble with a black outline and a tail pointing towards the top right corner. The text inside is centered and reads: "Savings decrease (shift down) with optimistic Expectations, when Wealth increase, when the Price level drops". The words "decrease", "shift", "down", "optimistic", "increase", and "drops" are highlighted in red, while the other words are in black.

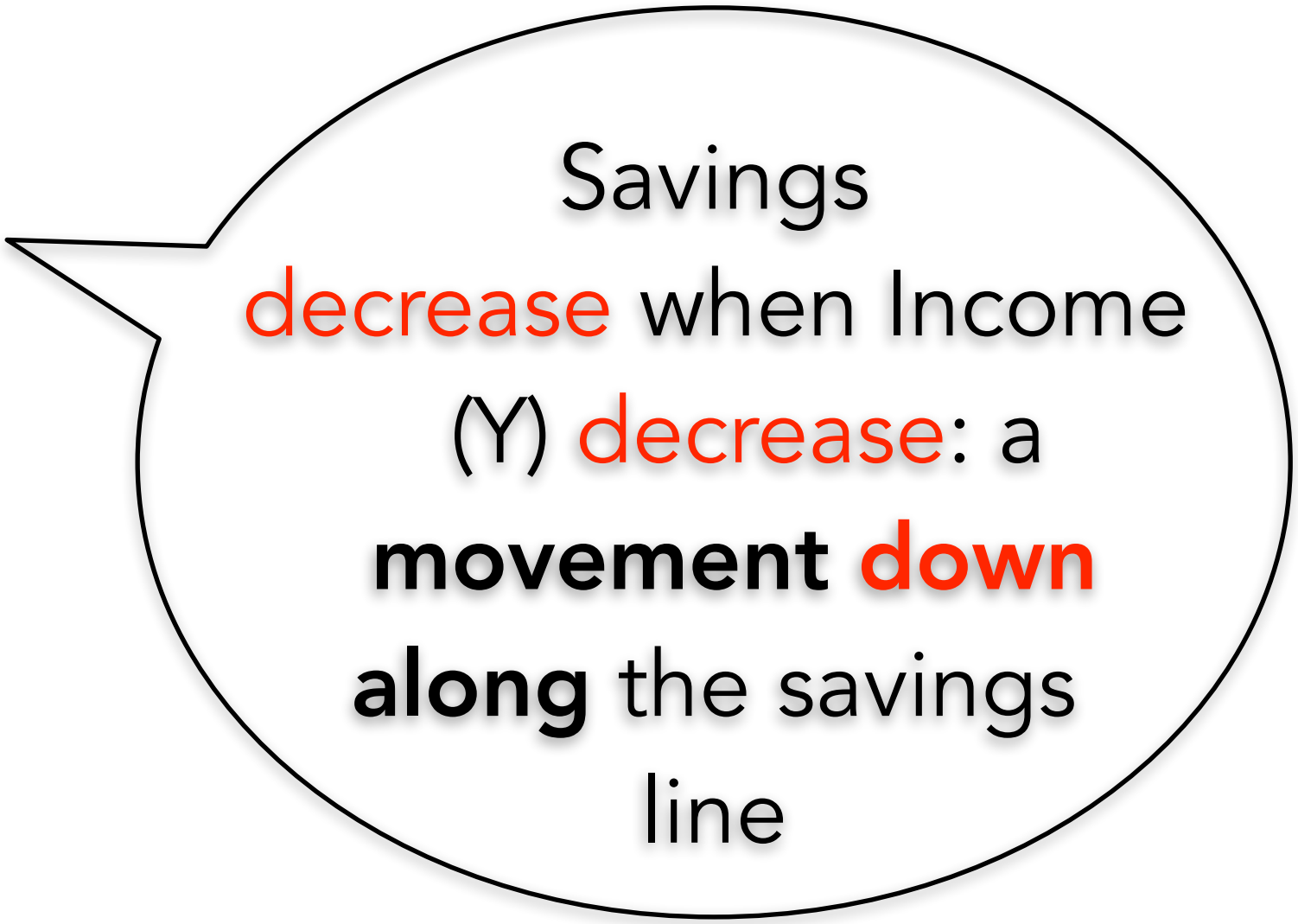
Savings
decrease (**shift
down**) with optimistic
Expectations, when
Wealth increase, when
the Price level drops



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



Savings **decrease**
(**shift down**) when
Transfers **decrease**



Savings
decrease when Income
(Y) decrease: a
movement down
along the savings
line

Slope



Intercept



W

h

e





a



e

S











a

S



b

Y



T







h

e





a



9

e





S

a







g

S



S





9

a









S

[REDACTED]

[REDACTED]



M

P

S











W

h

e







a

n

S







S

d









a

S



b

Y









a



e

g

a







e

n

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b

e











e



h

a

n

9

e





S

a

V



n

9

S



S

n



9

a









S

[REDACTED]

[REDACTED]



M

P

S





T





When taxes **increase** by ΔT_x ,
the change in Savings is
negative

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

With Government

$$S = \overbrace{-a - \text{MPS}Tx + \text{MPS}Tr}^{\text{Intercept}} + \overbrace{\text{MPS}Y}^{\text{Slope}}$$

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

Savings **decrease (shift down)** when Transfers **decrease**

When taxes **increase** by ΔTx ,
the change in Savings is
negative

$$\Delta S = -\text{MPS}(\Delta Tx)$$

When transfers **decrease** by ΔTr (a **negative number**), the change
in Savings is **negative**

$$\Delta S = +\text{MPS}(\Delta Tr)$$

With Government