The Components of Aggregate Expenditures

$$C = \text{intercept} + MPC \times Y$$

G= Fixed value

= Fixed value

M= Fixed value

We will use the following values for this example:

$$C = 100 + 0.9Y$$

G= 500 billion

= 1,000 billion

$M = 500$ billion

Exports(X) do NOT depend on U.S. Income:

$X = 800$ billion

Net Exports(X-M) do NOT depend on Income:

$$NX = 800 - 500 = 300$$

X = Fixed value

$$C = (a + b(Tr - Tx) + bY$$

Intercept:A

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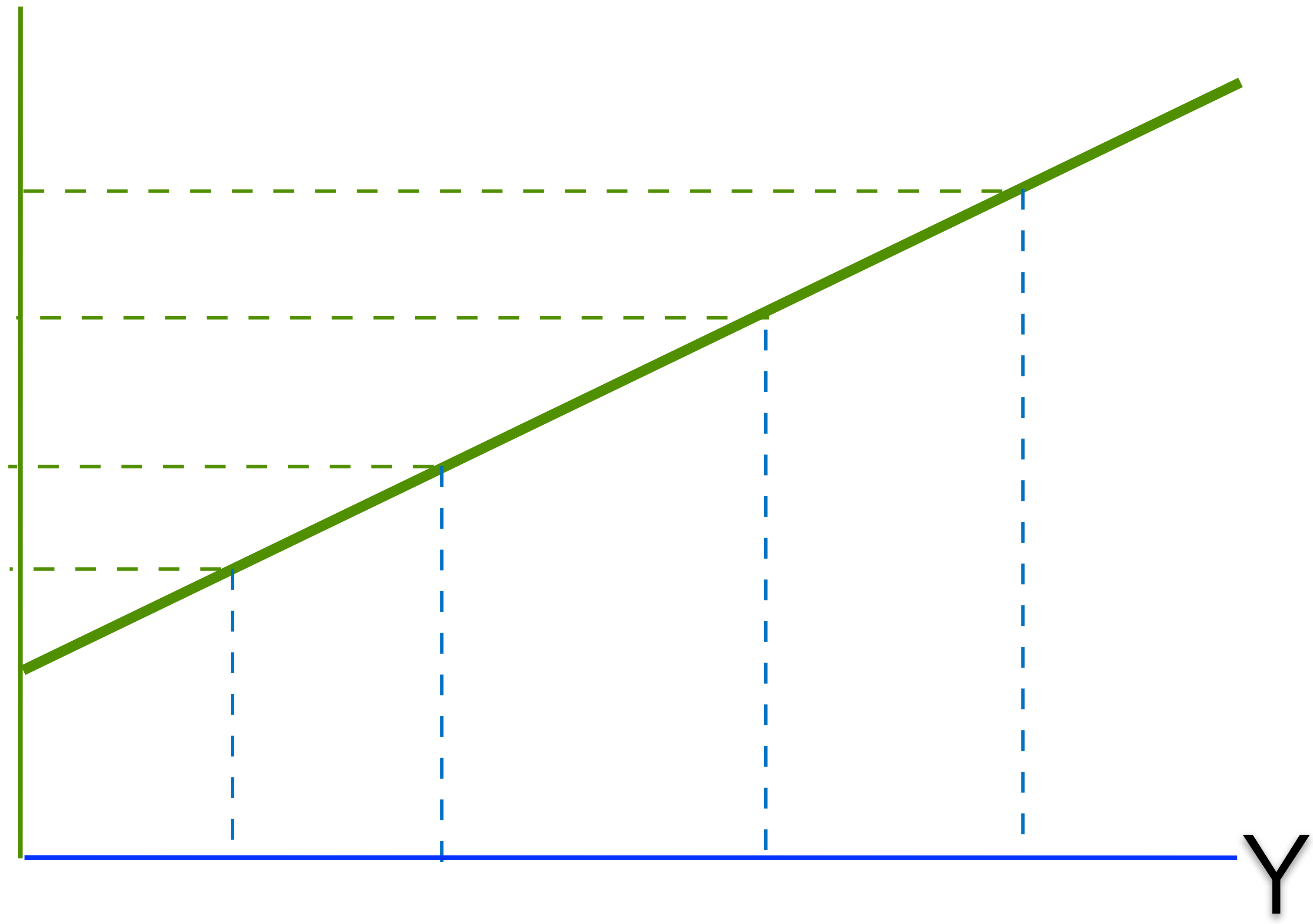
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