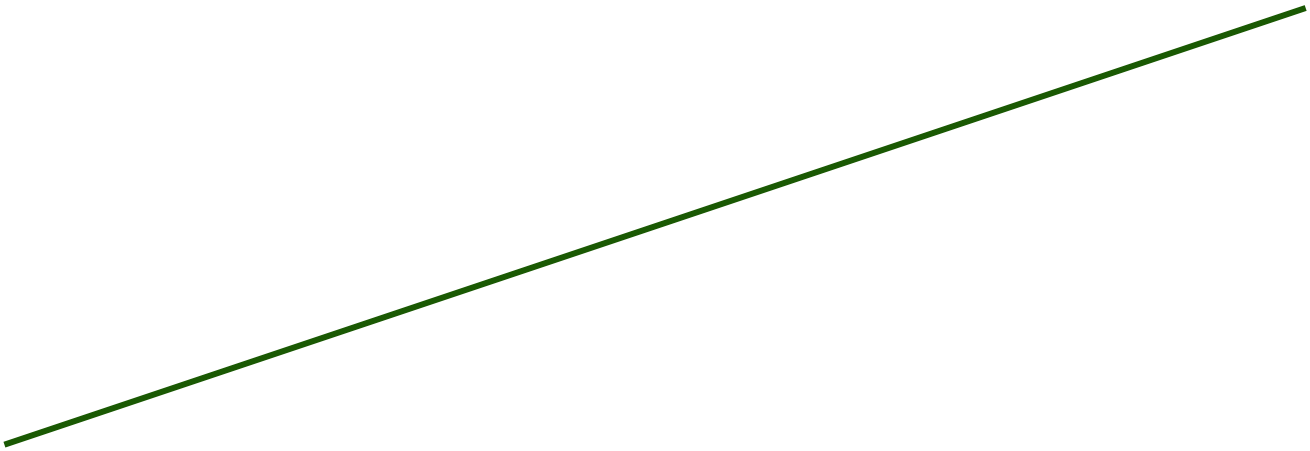
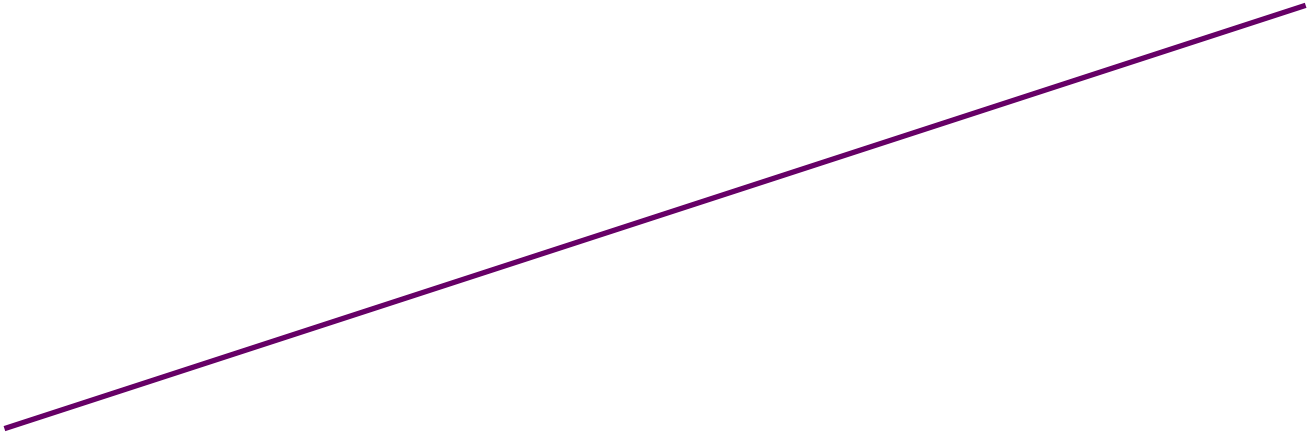
$$(a + b(Tr - Tx)$$



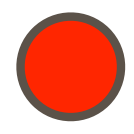


$$C = A + MPCY$$

Aggregate Expenditures

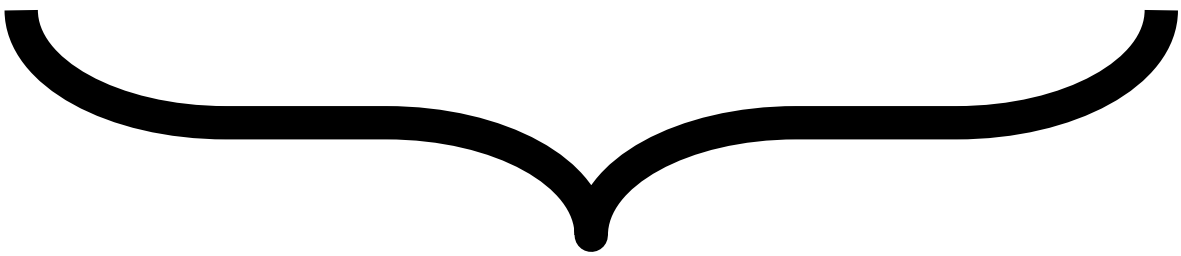
$$AE = (A+I+G+NX)+ MPCY$$

AE



A+I+G+NX

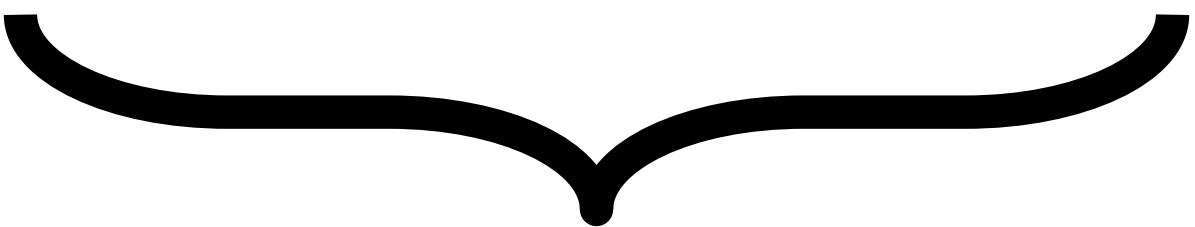
Total Production=National Income



A:

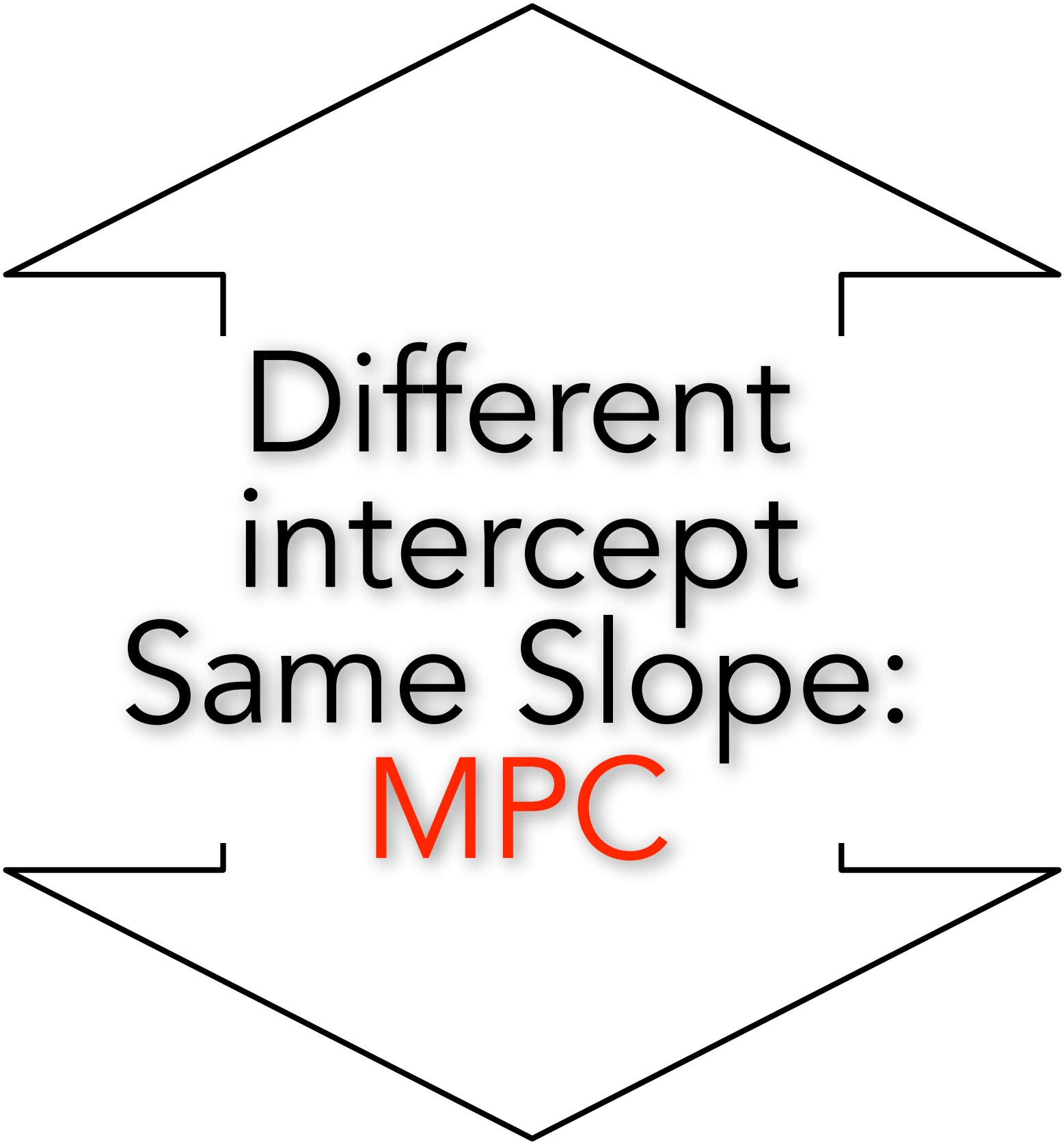
Intercept

Consumption



Intercept

AE line

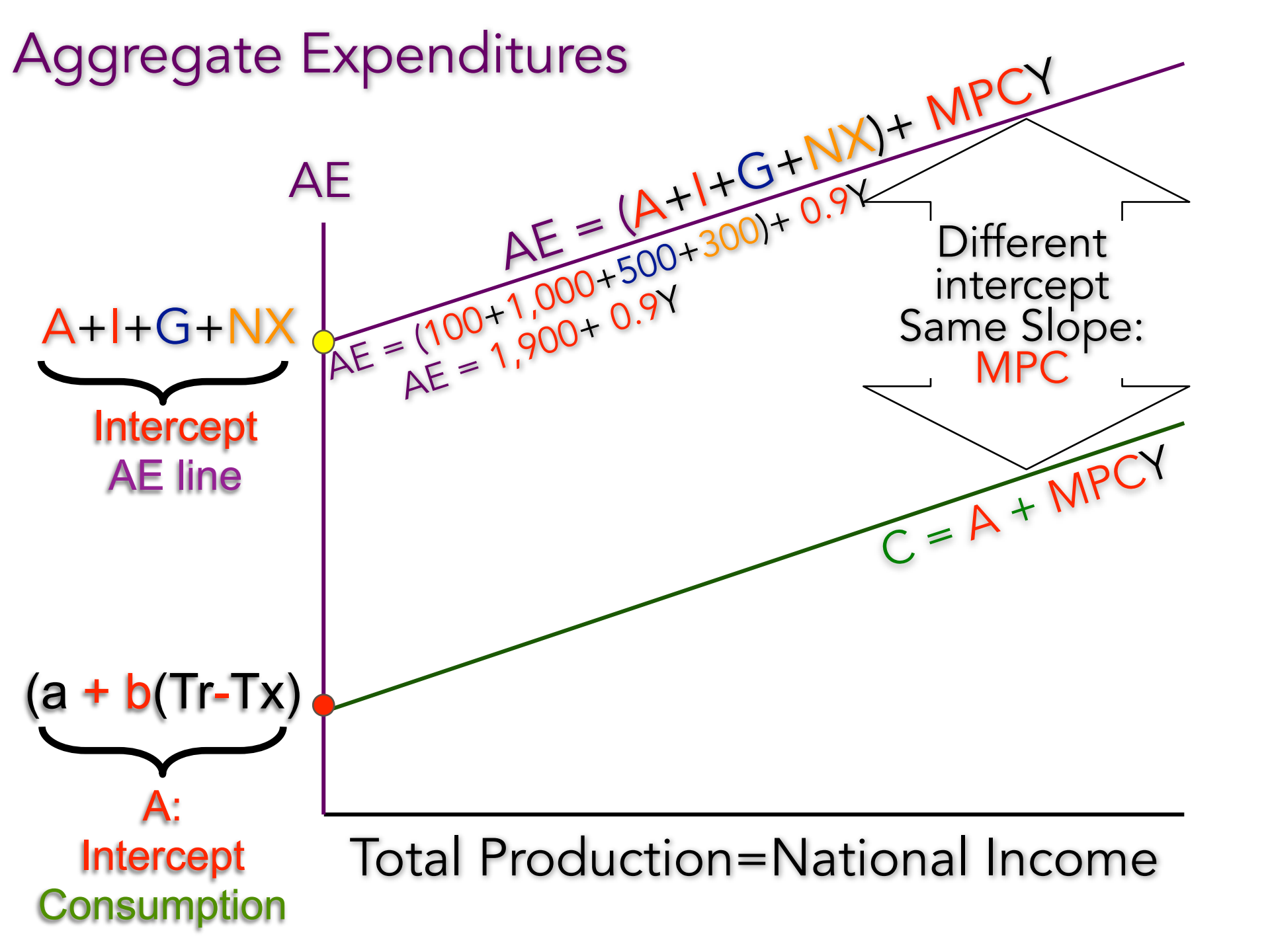
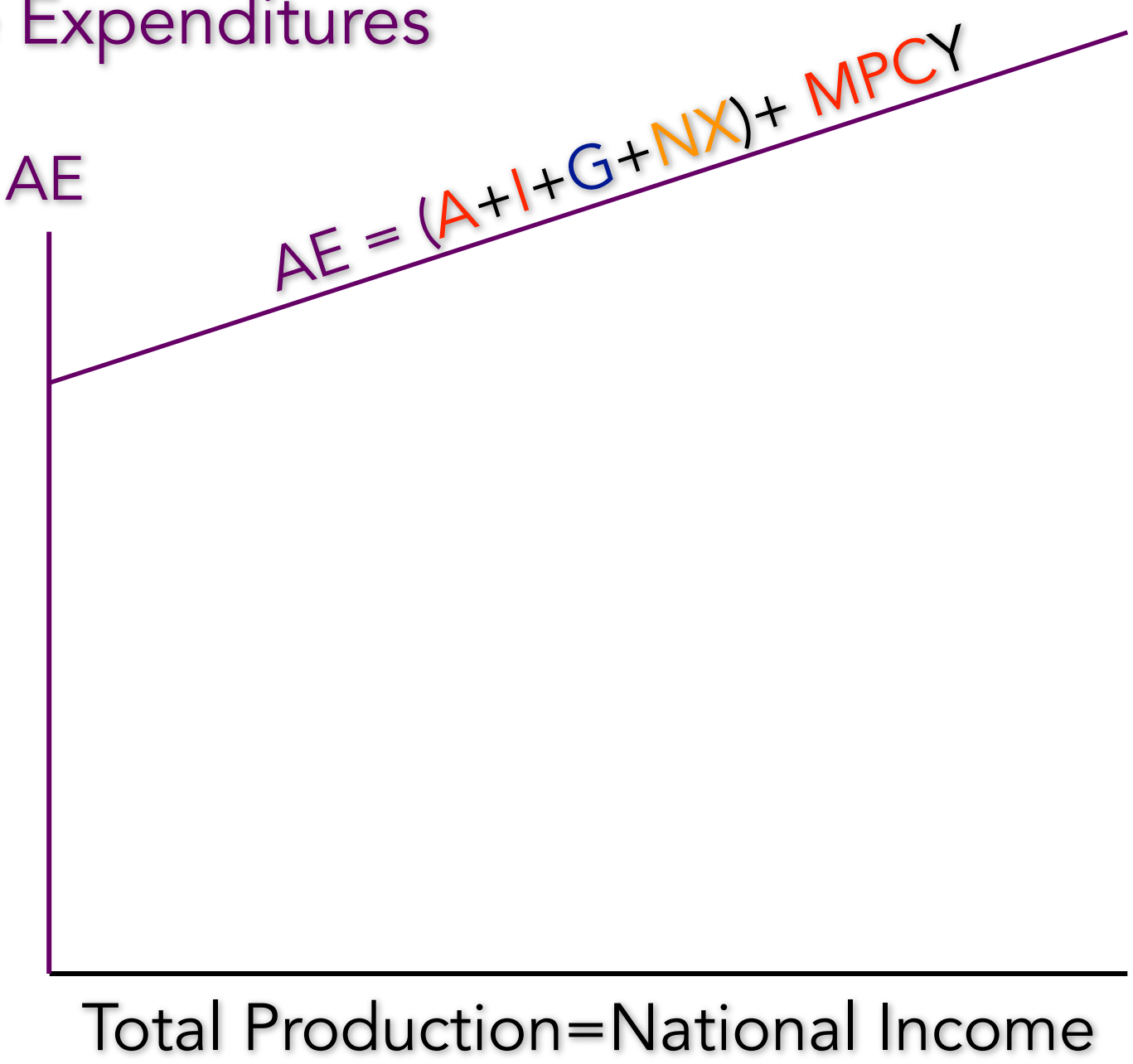

Different
intercept
Same Slope:
MPC

$$C = 100 + 0.9Y$$

$$AE = (100+1,000+500+300)+ 0.9Y$$

$$AE = 1{,}900 + 0.9Y$$

Aggregate Expenditures



Aggregate Expenditures