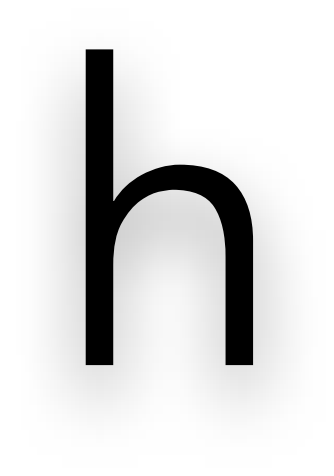
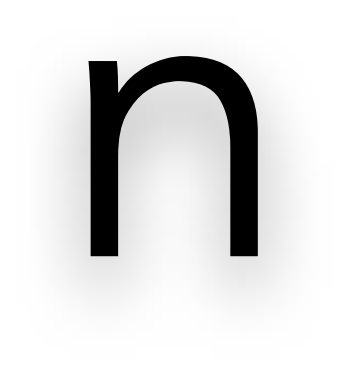
W

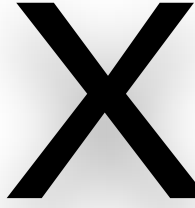


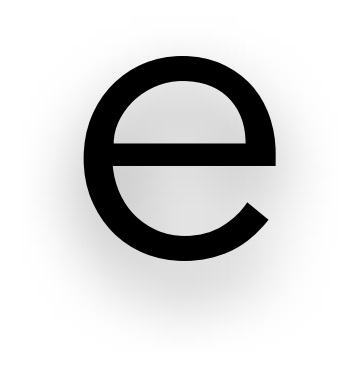
e

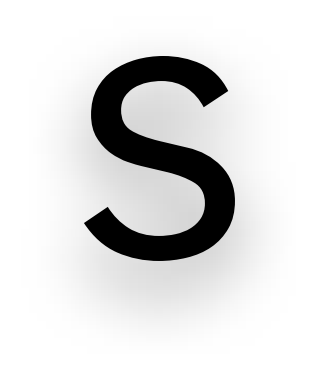


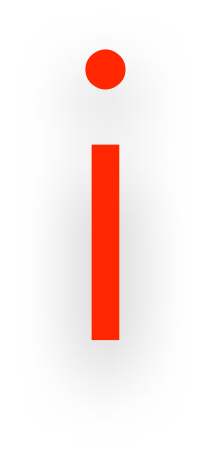
t

a



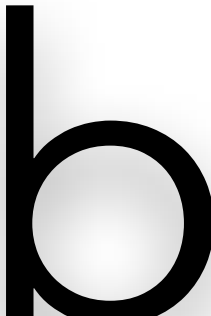

e



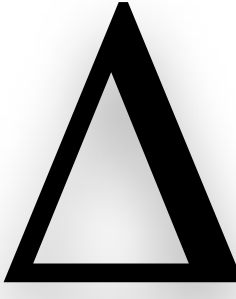


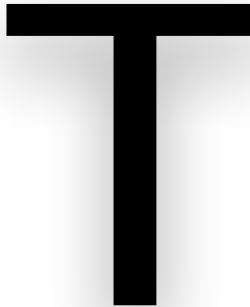
e

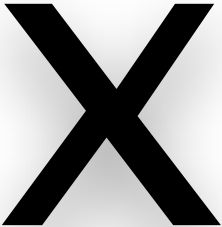
a

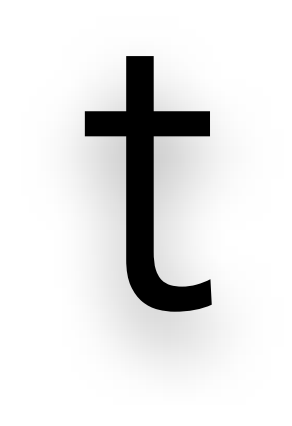


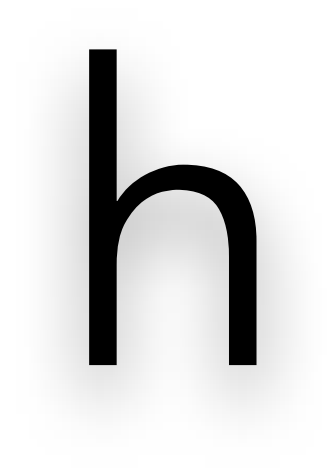
y

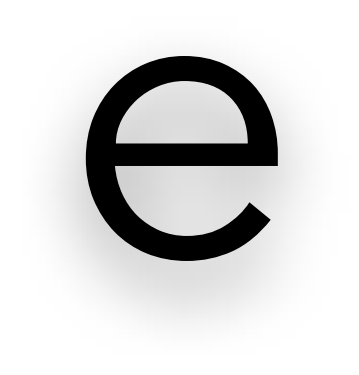




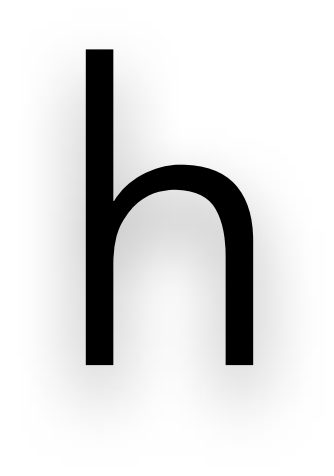




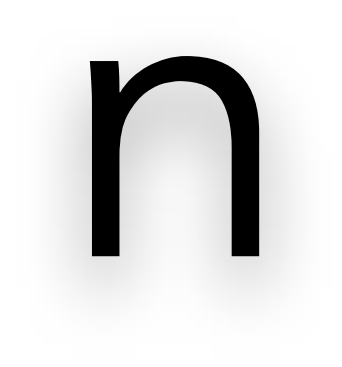


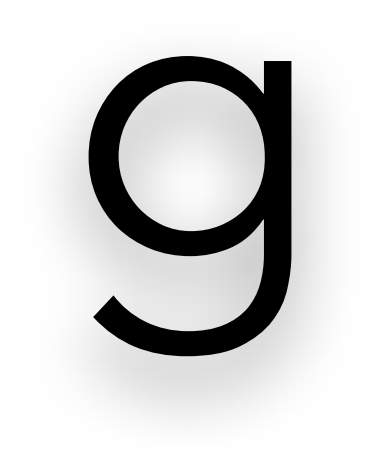


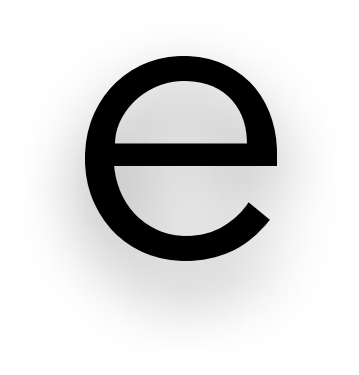
C

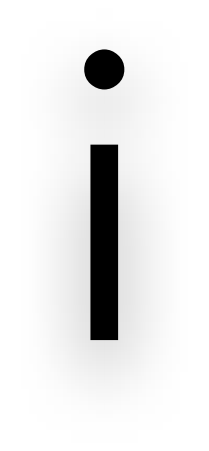


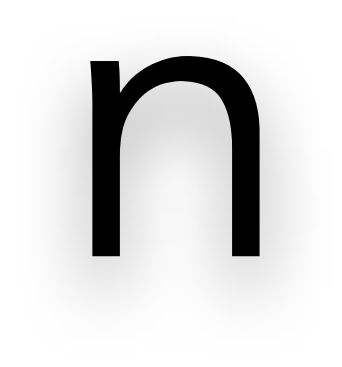
a

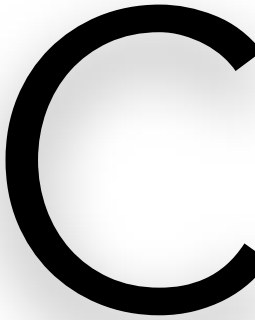

n

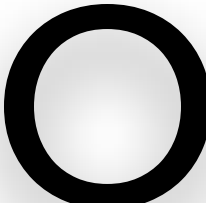


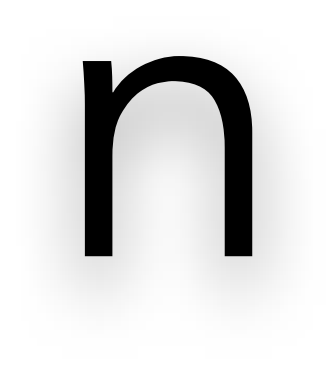


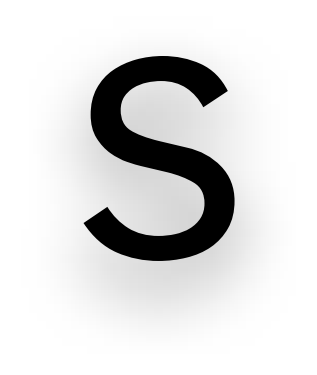



n

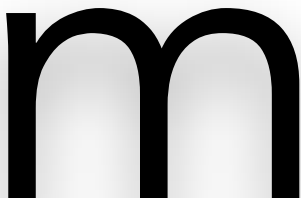


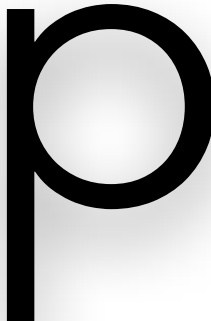


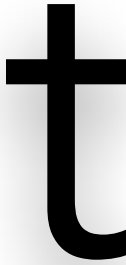


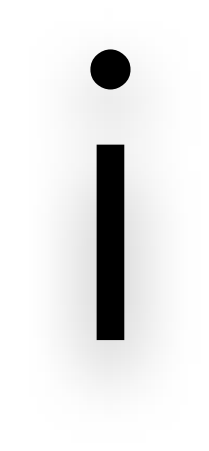


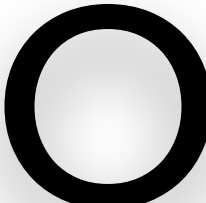
u

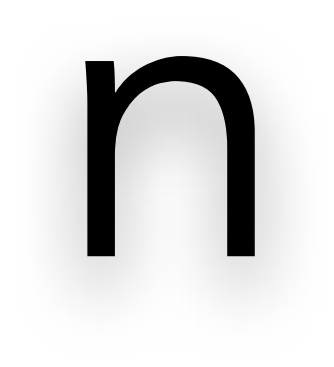


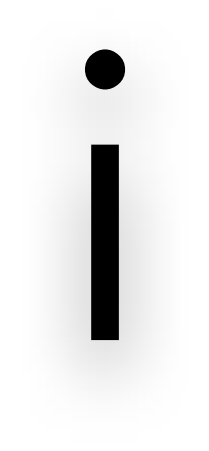




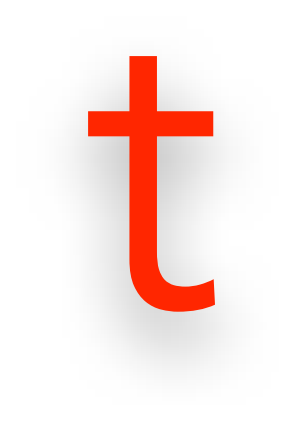


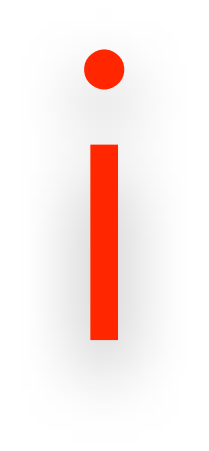


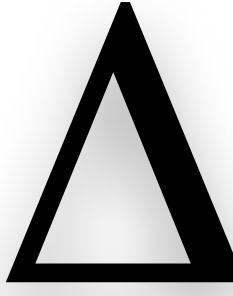


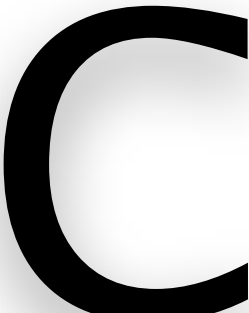


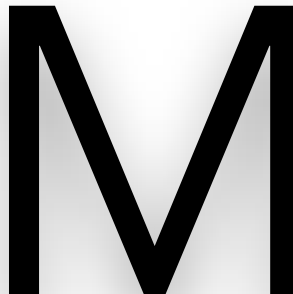
a



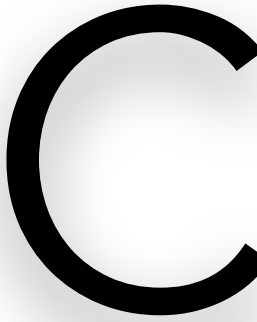


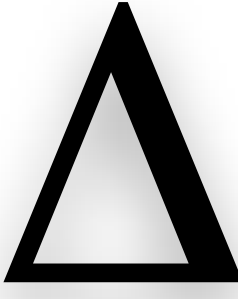


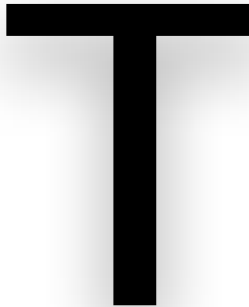


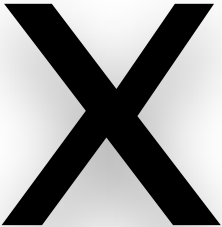


P





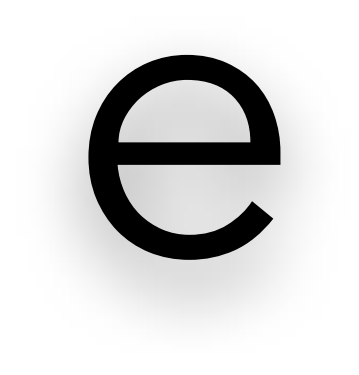


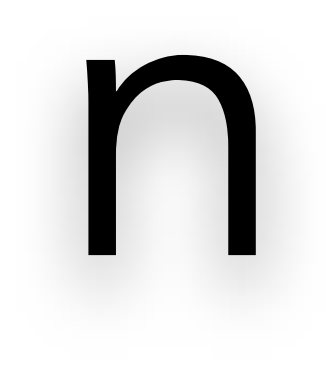


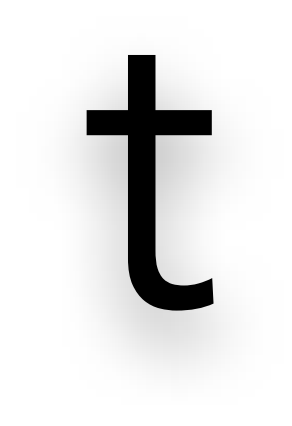
$$C = a - MPC T_x + MPC T_r + MPC Y$$

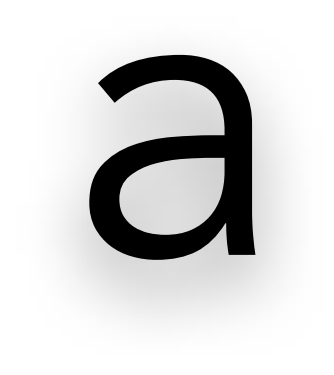
With Government

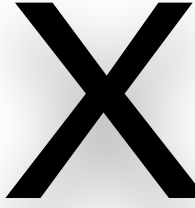
W

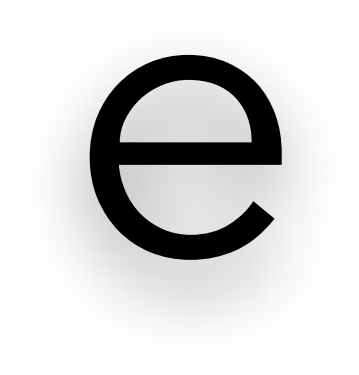




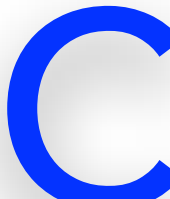



a

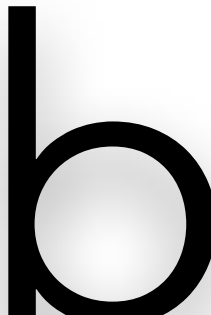




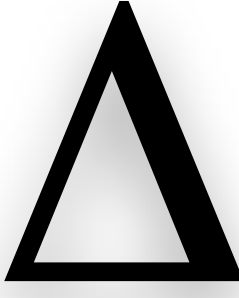
S

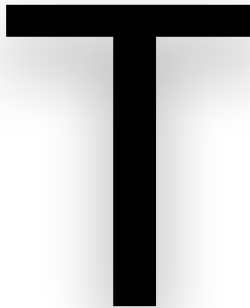


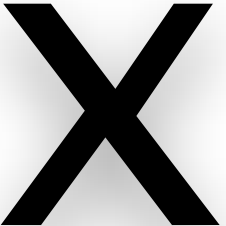
a



y

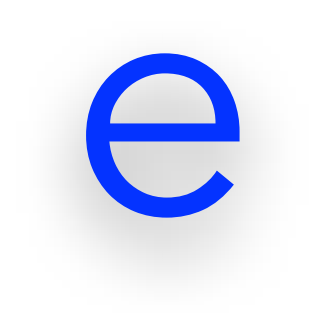


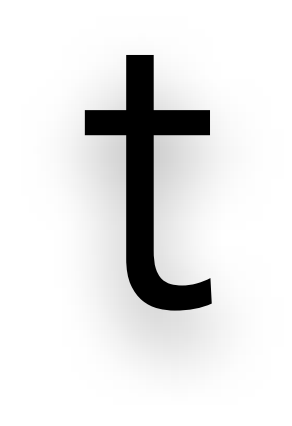


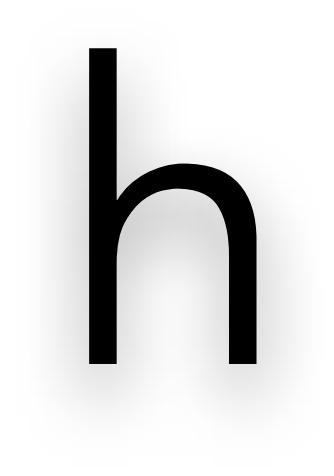


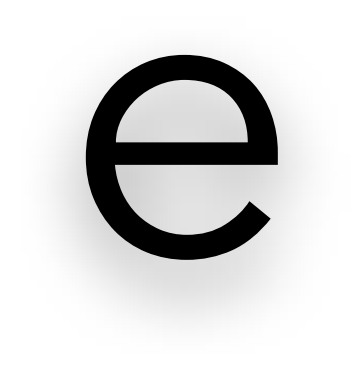
a

a

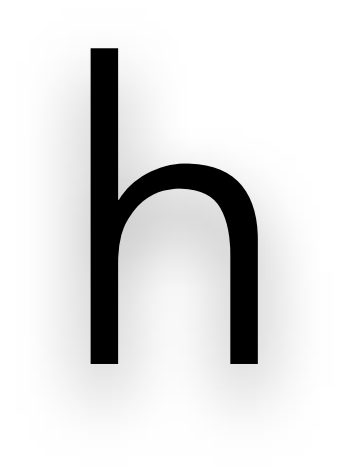




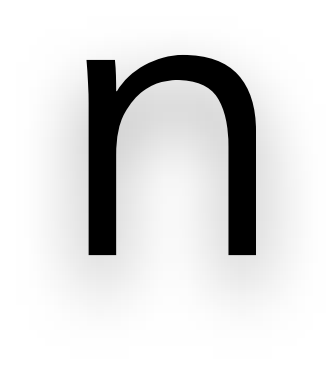


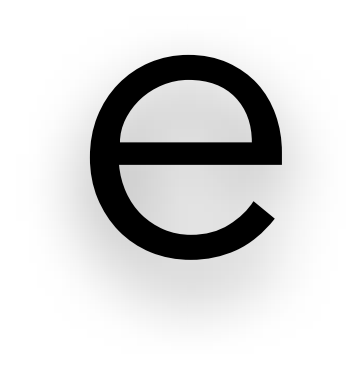


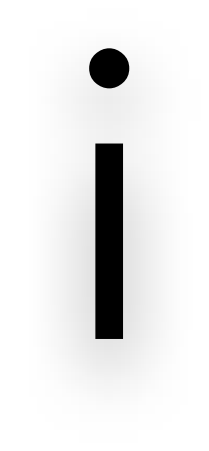
C

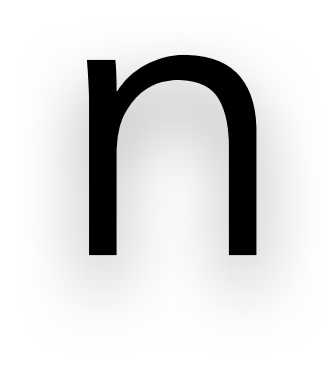


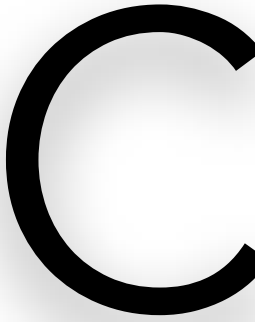
a

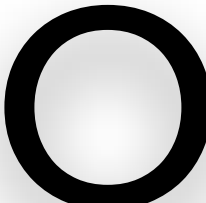


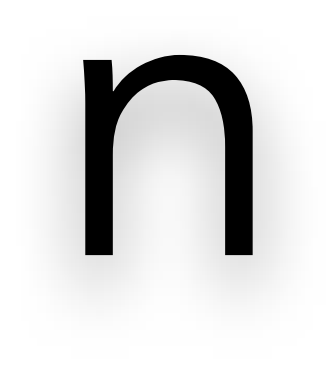




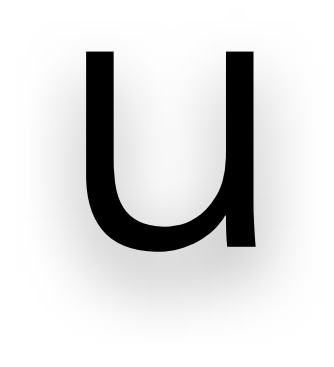

n

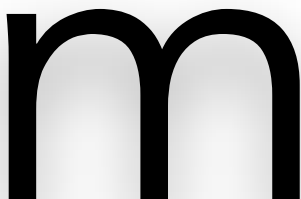


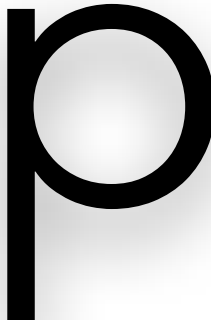




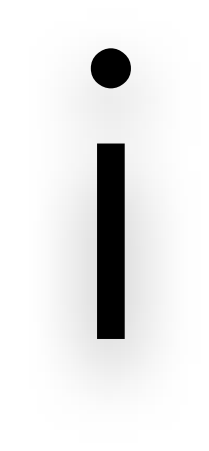
S

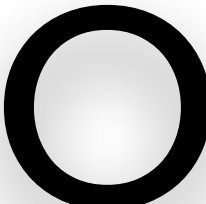


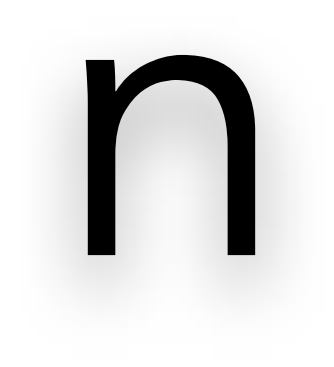


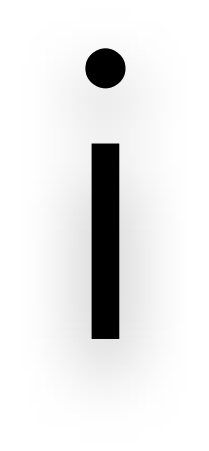


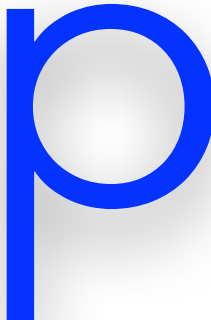
t

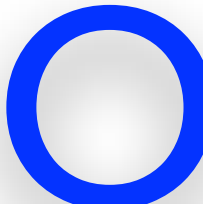


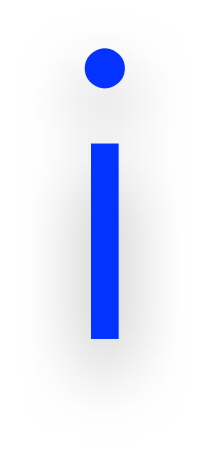


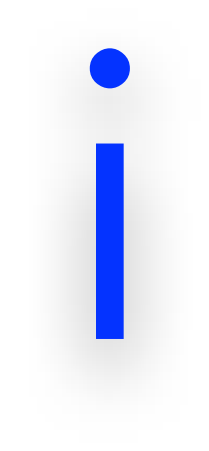


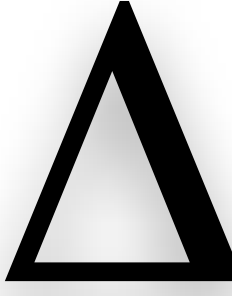


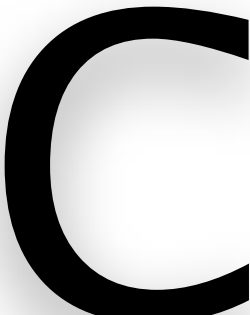


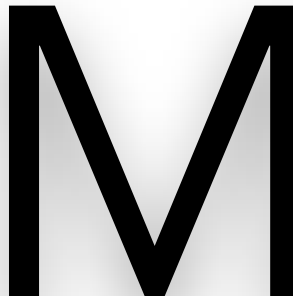


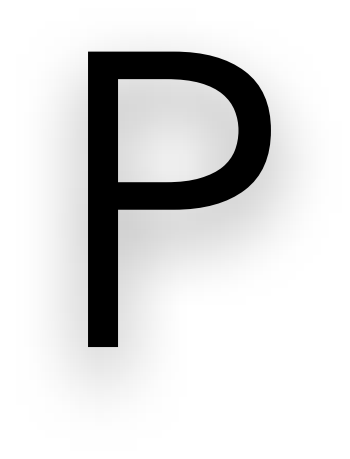


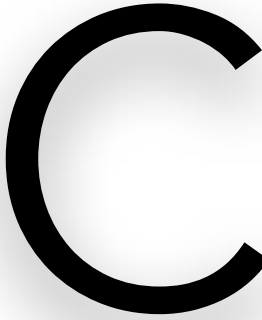


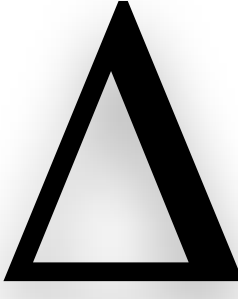


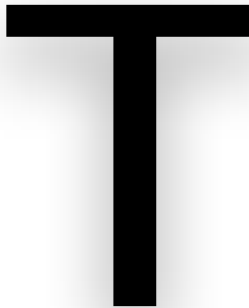




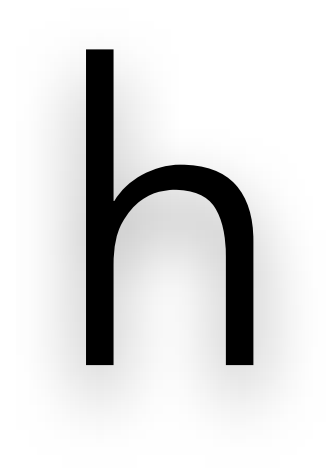


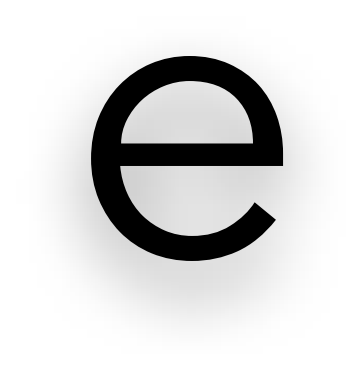


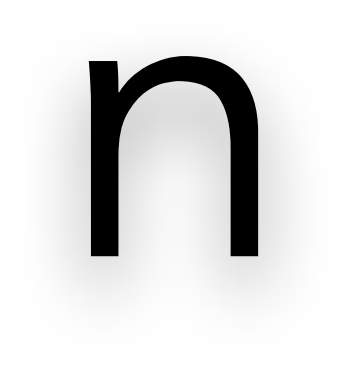


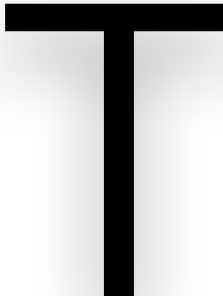


W

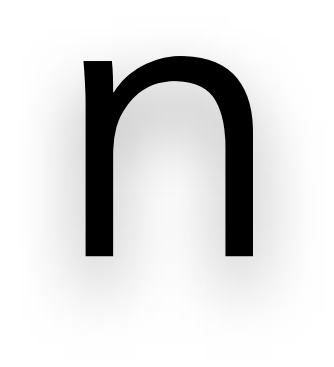


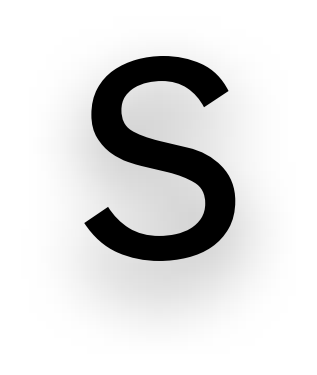


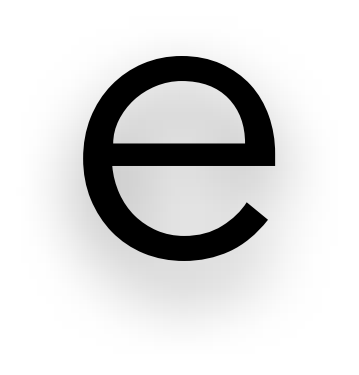

n

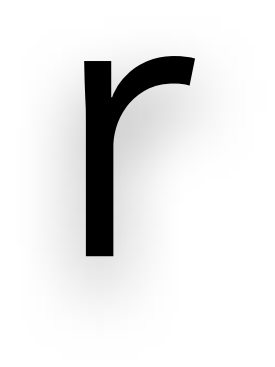


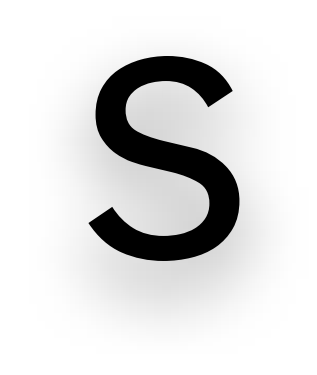
a

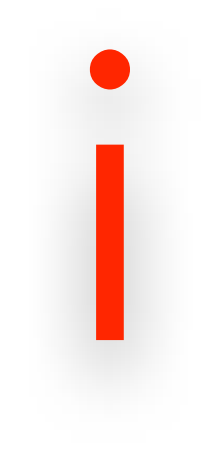





e

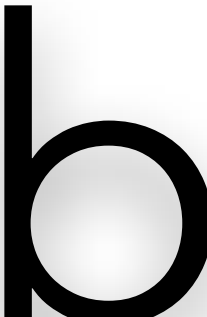




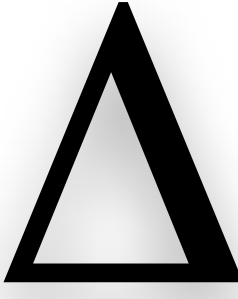


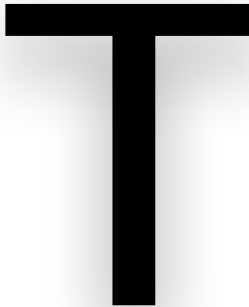
C

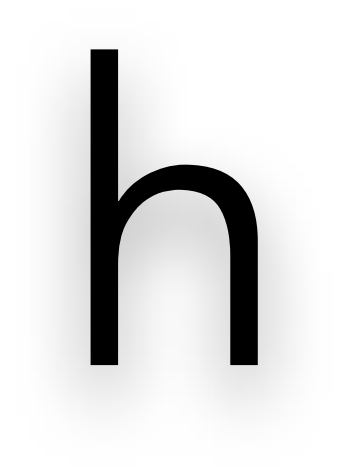
a

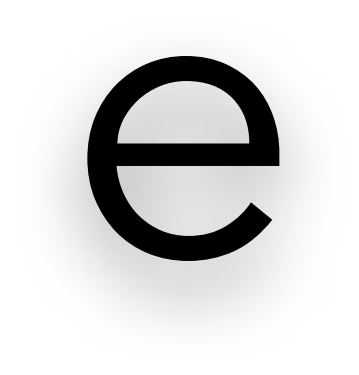


y

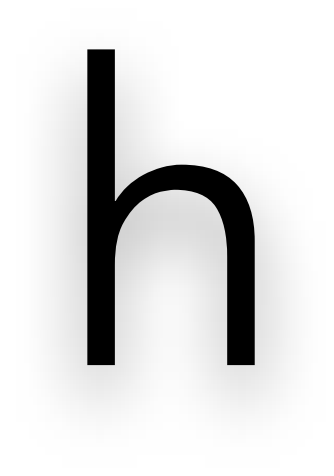




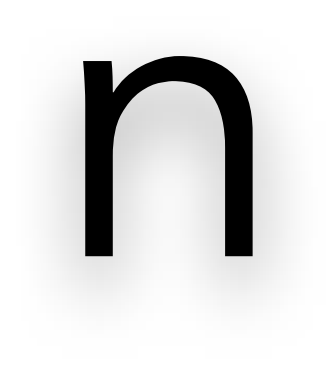


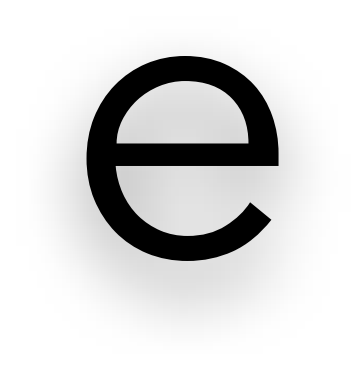


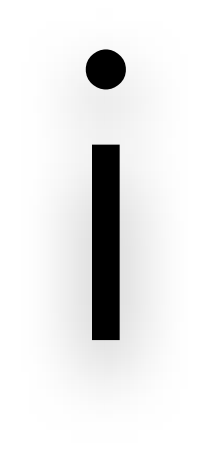
C

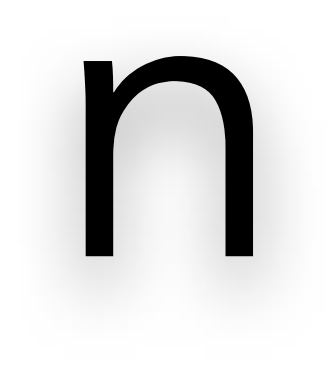


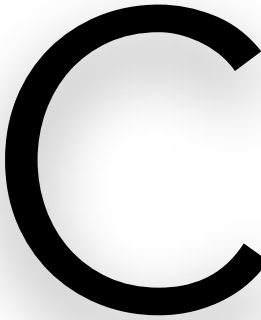
a

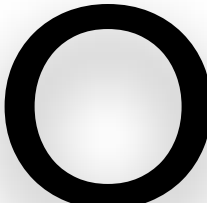


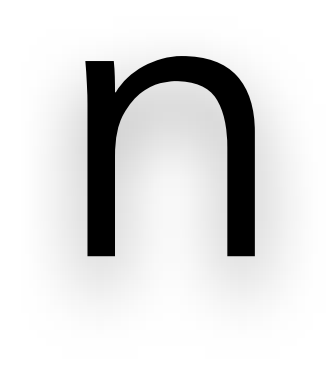


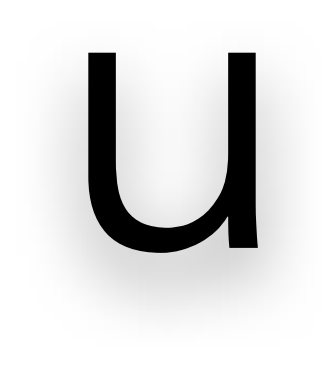


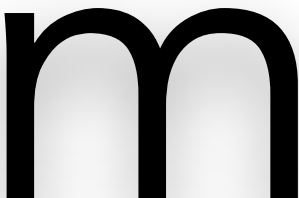


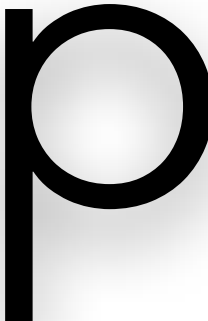




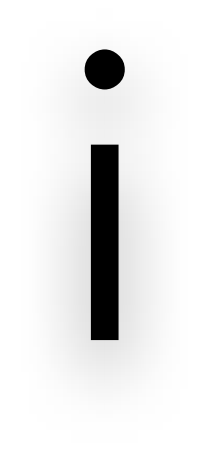


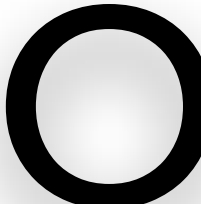


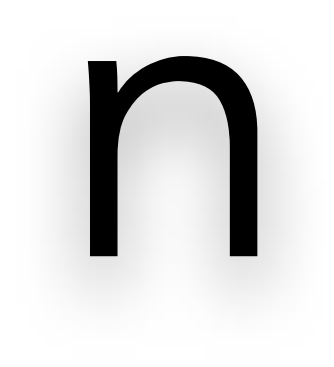


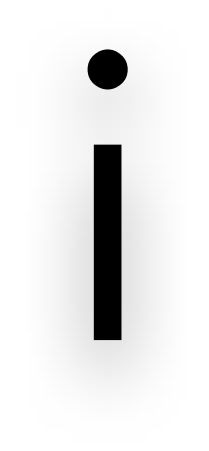


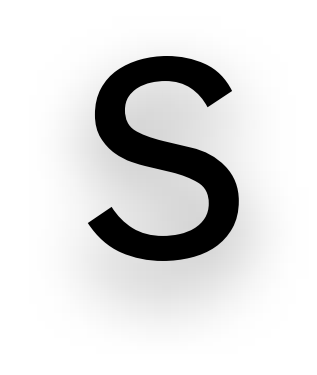
t

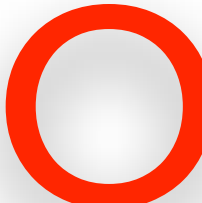


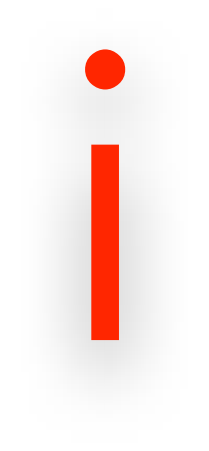


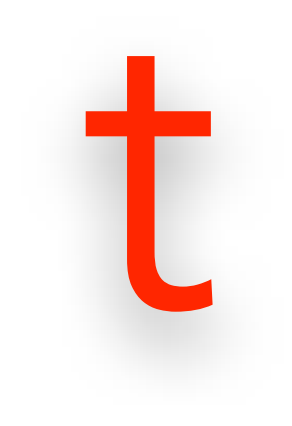


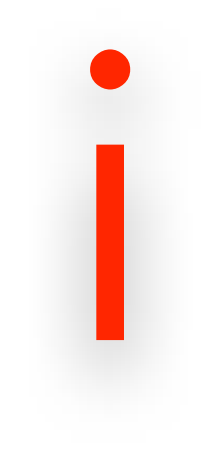


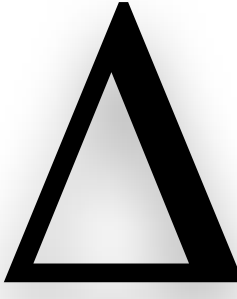


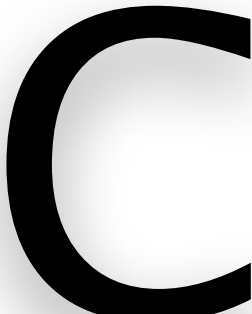


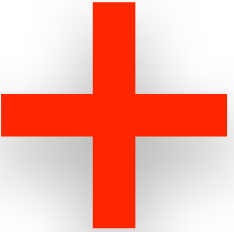




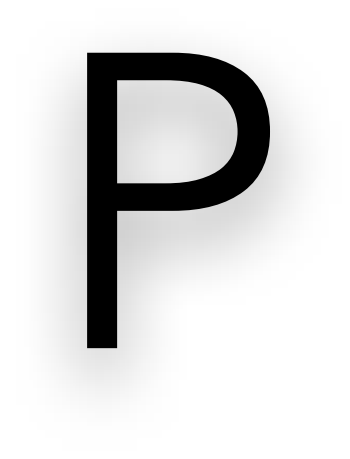


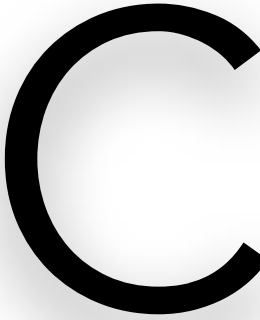


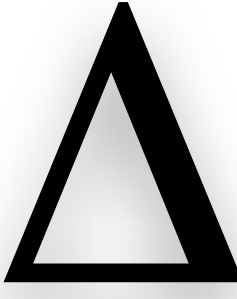


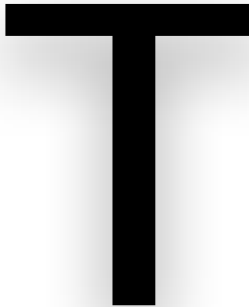


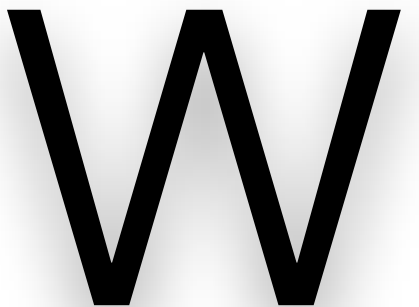
M

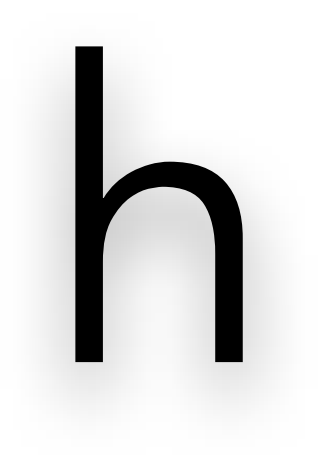


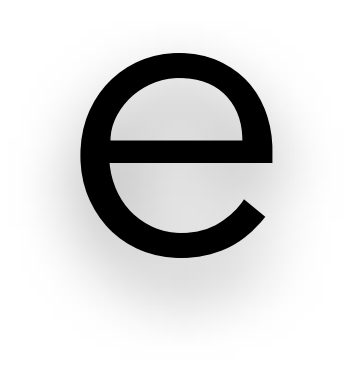


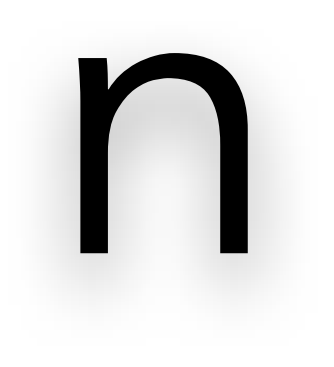


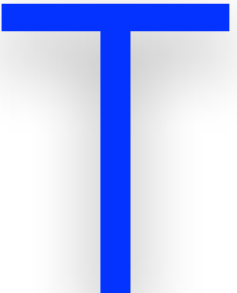




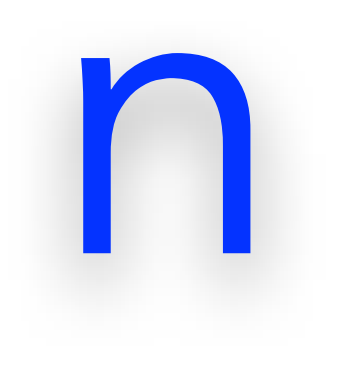




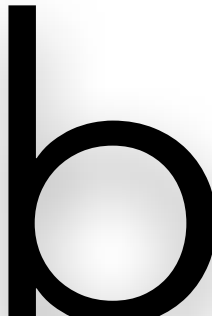

n



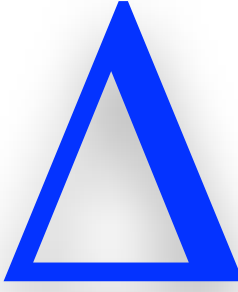
a

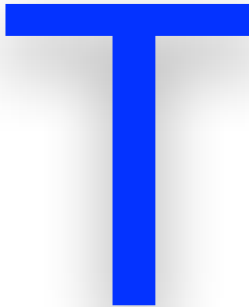


a



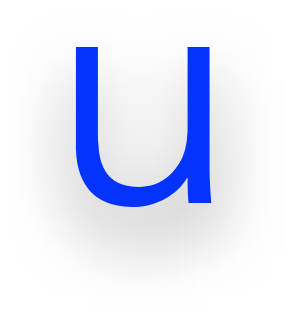
y

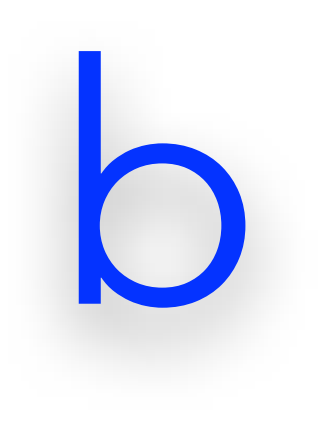


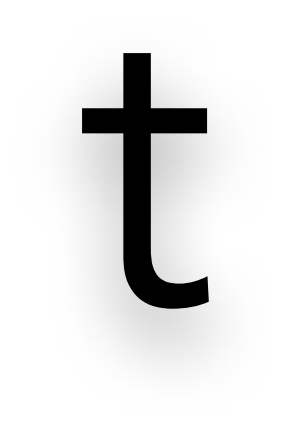


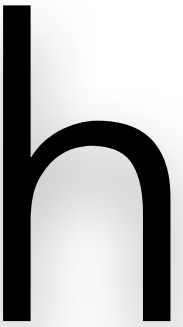
a

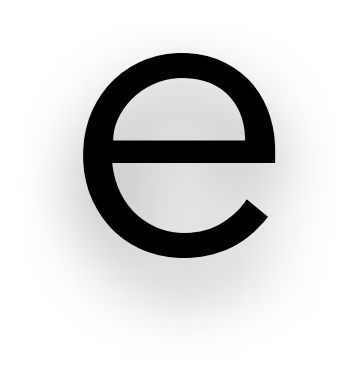
a

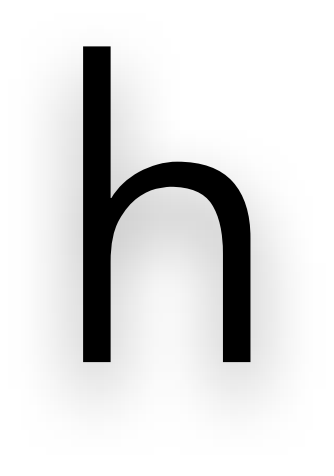


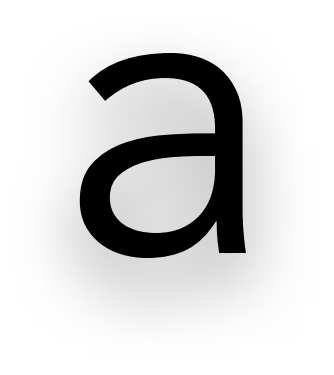


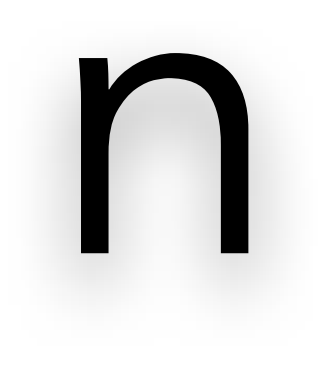


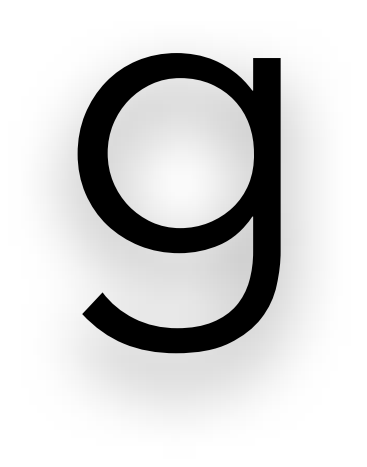


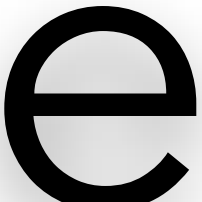


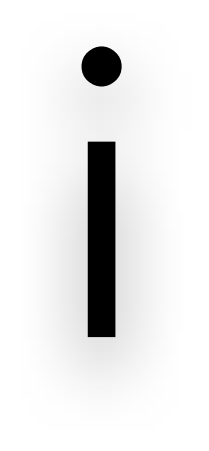


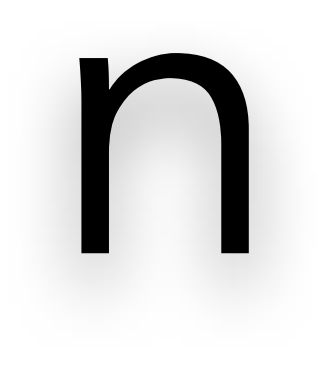

a

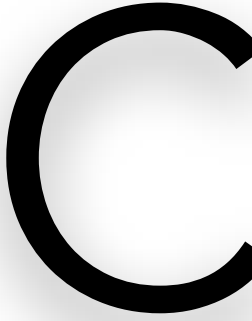

n

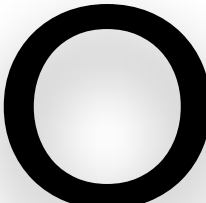


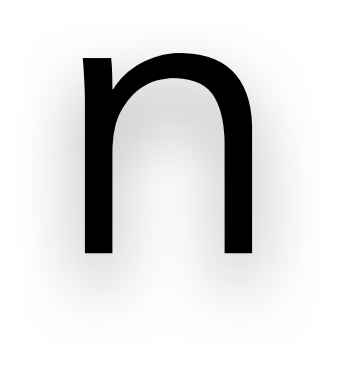


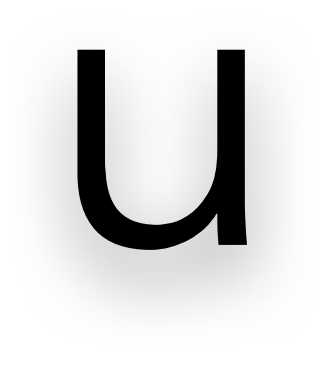


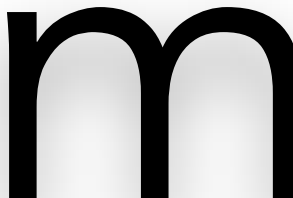

n

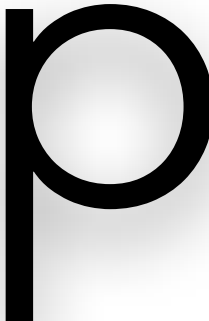


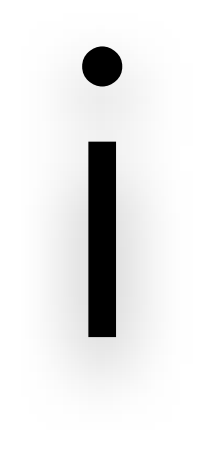


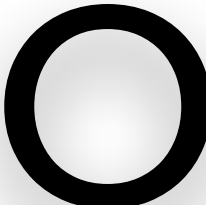

n

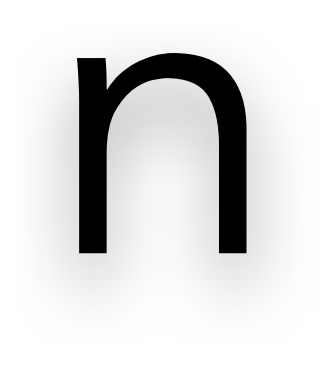


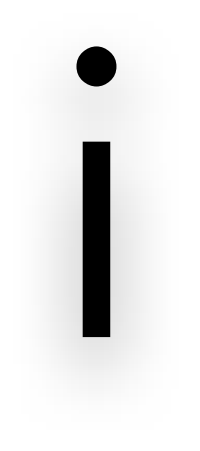




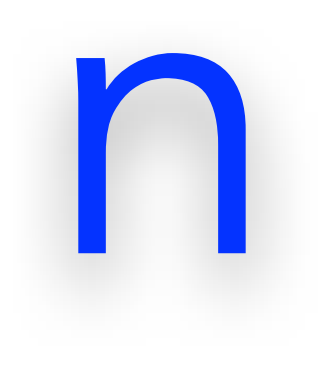




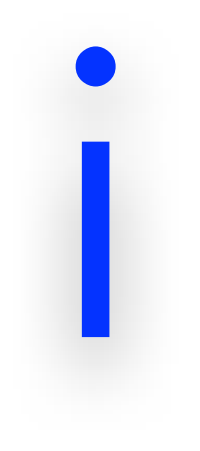

n

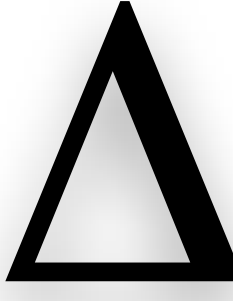


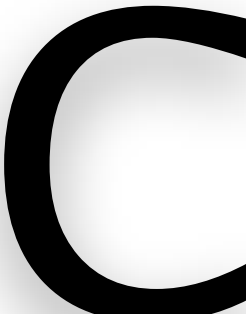
S

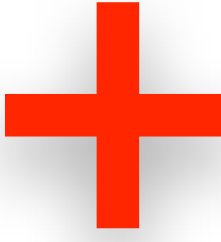


a

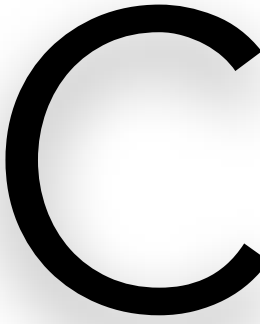


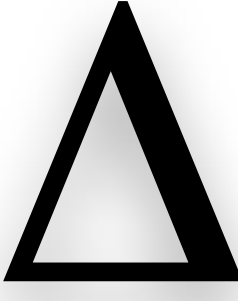


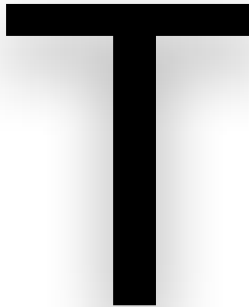


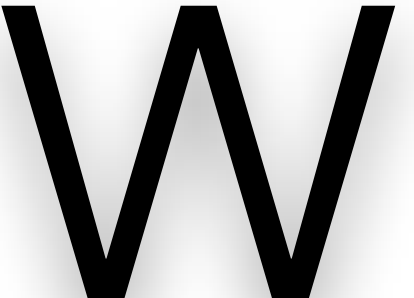


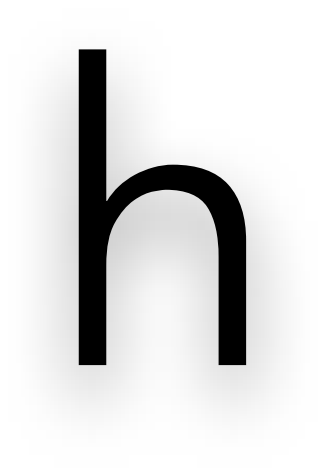
P

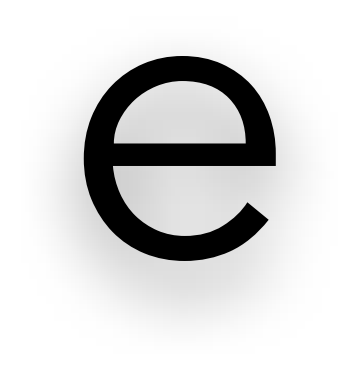


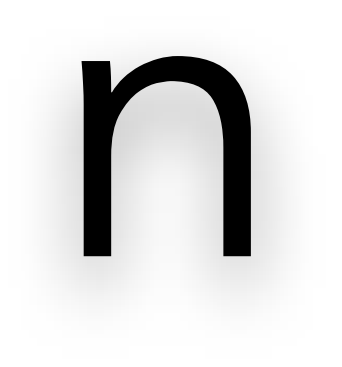


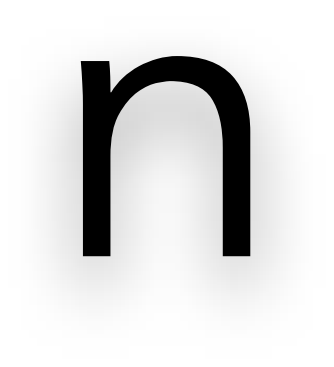




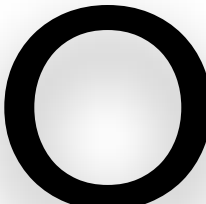


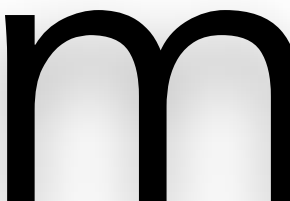


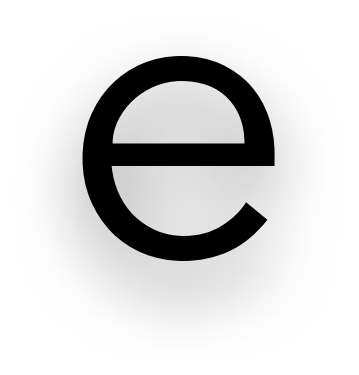

n

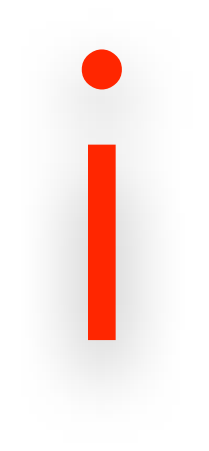


C



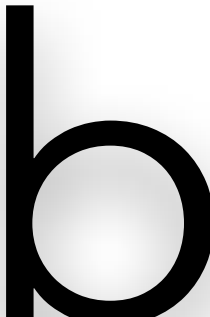




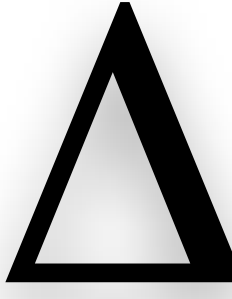


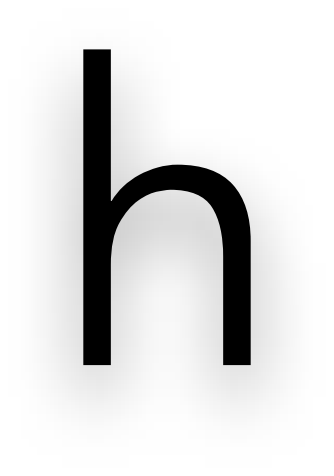
C

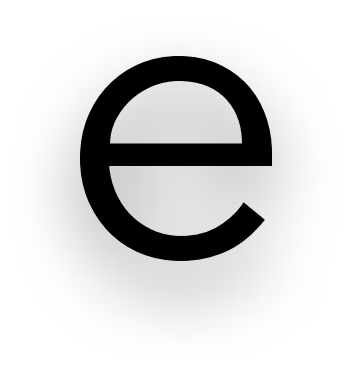
a

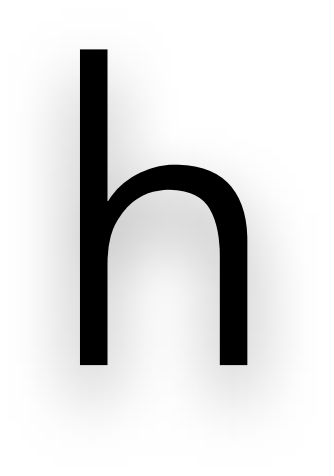


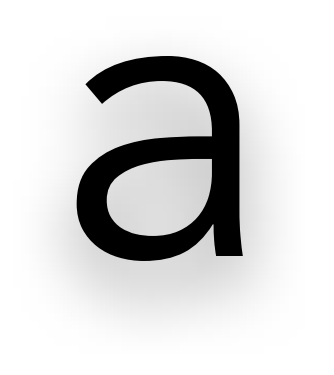
y



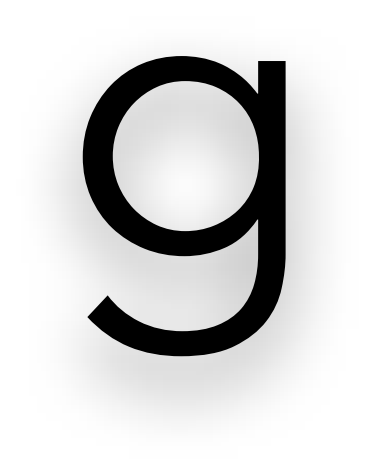


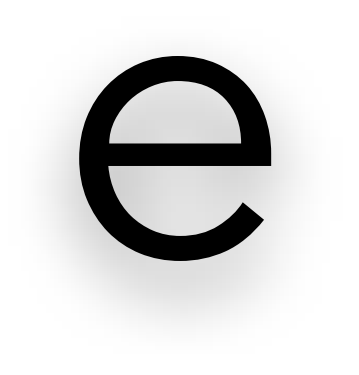


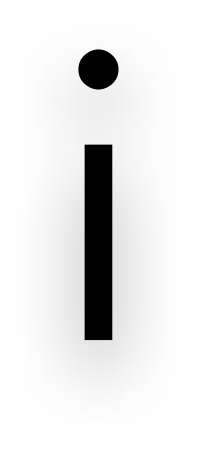



a

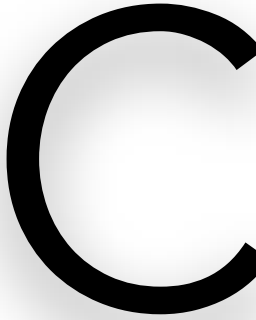
n

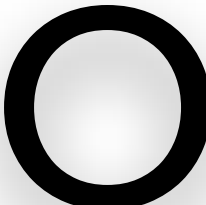




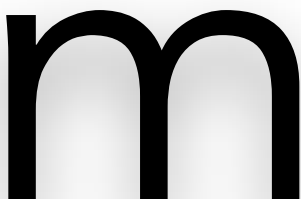


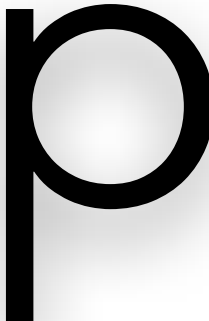
n

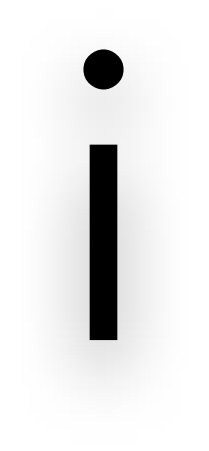


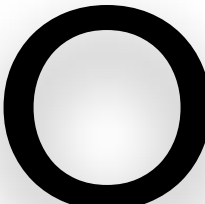


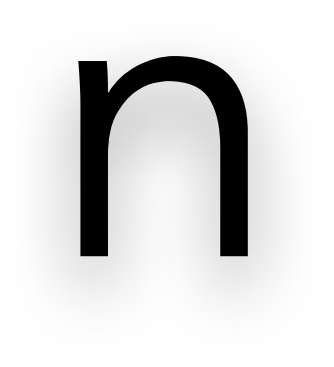
u

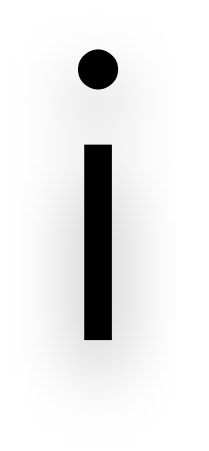


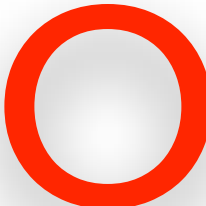




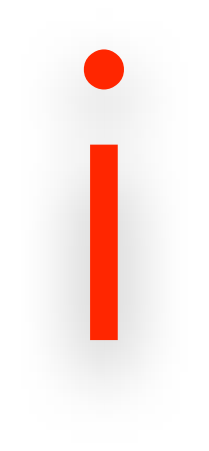


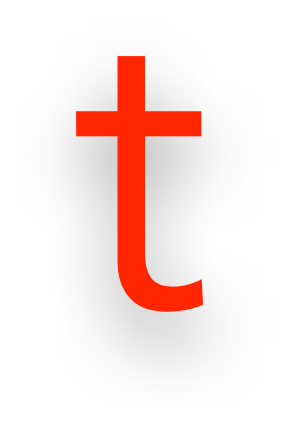

n

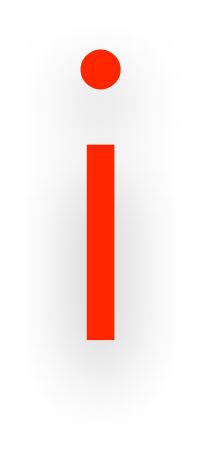


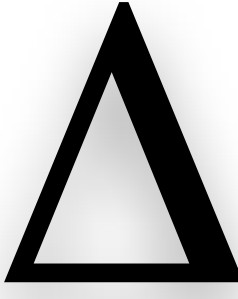


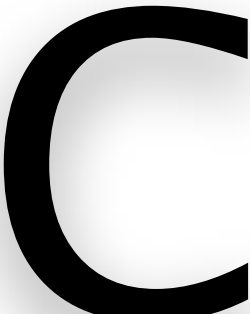
S

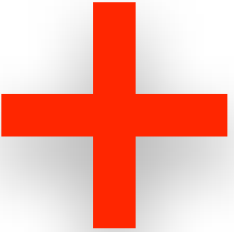


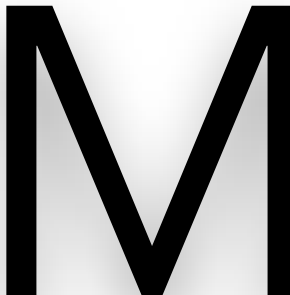




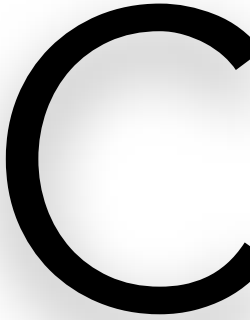


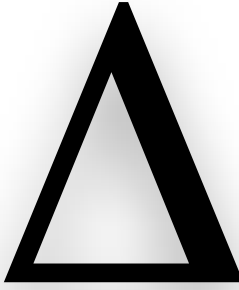


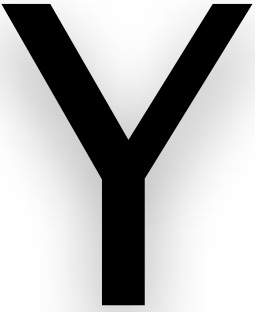


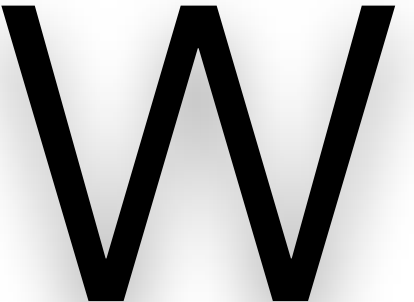

M

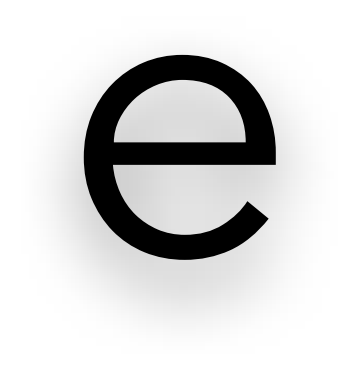
P

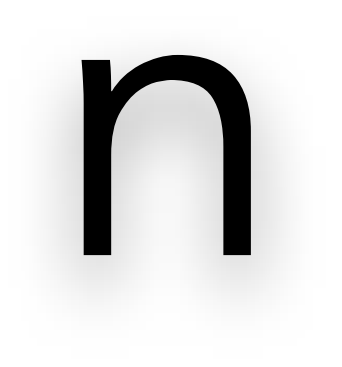


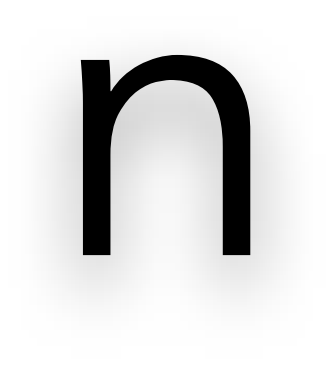


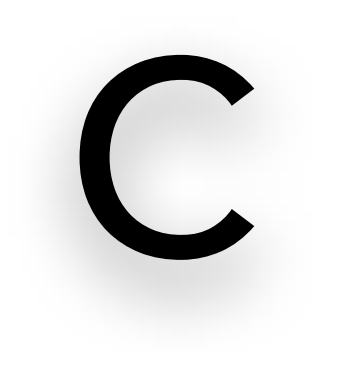


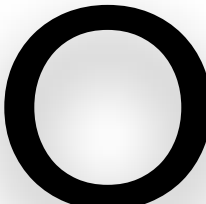


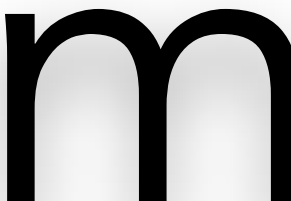



n

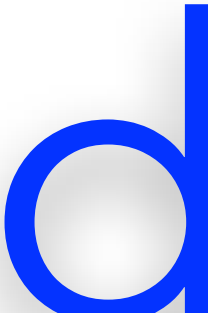



C

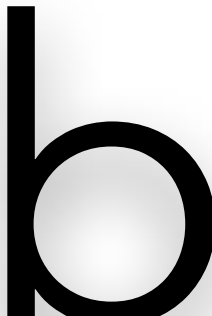




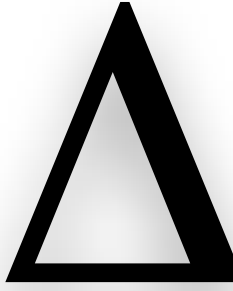
e



a

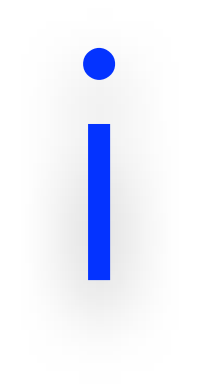


y

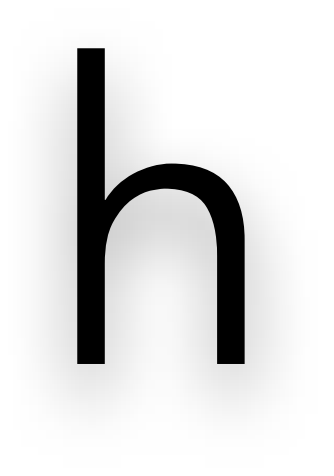


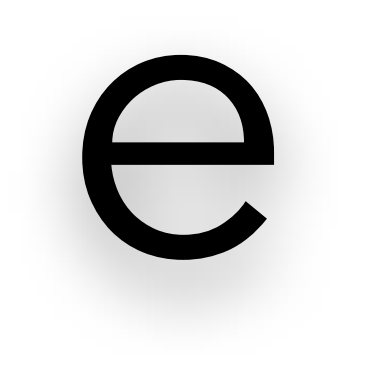
a

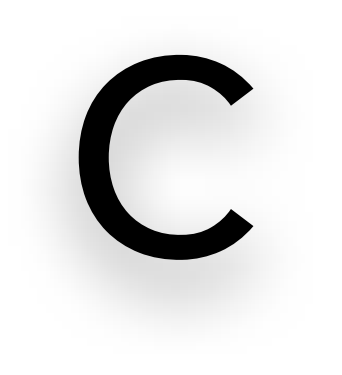
a

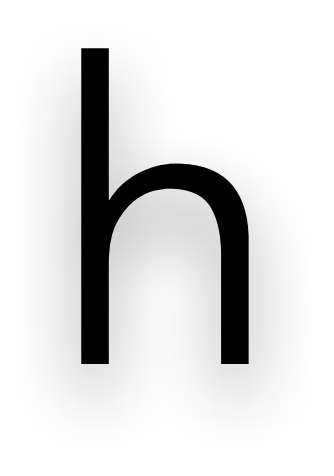


t

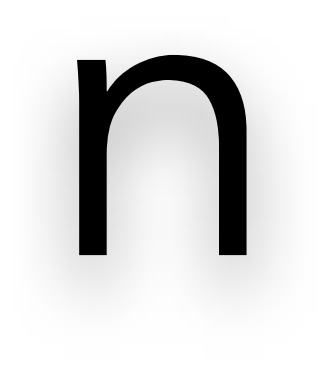


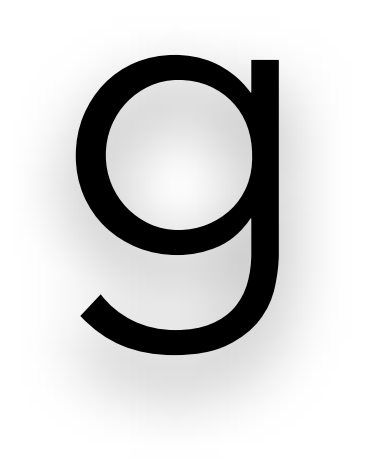


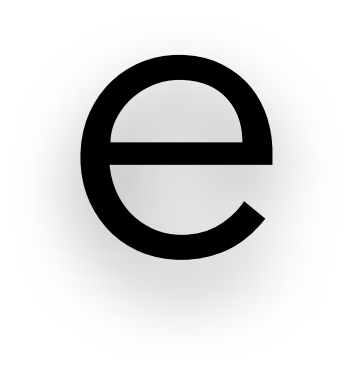

C

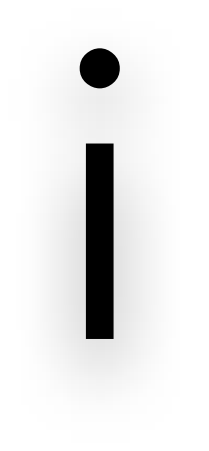


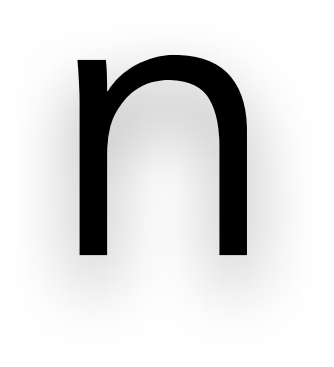
a

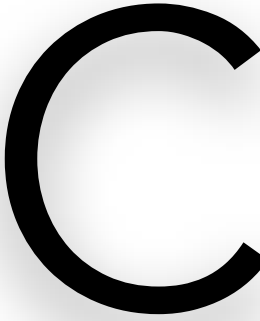

n

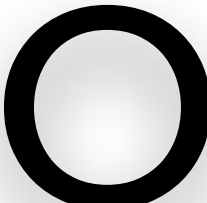




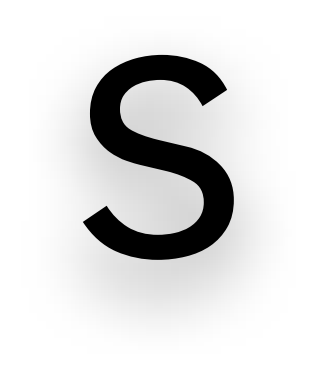


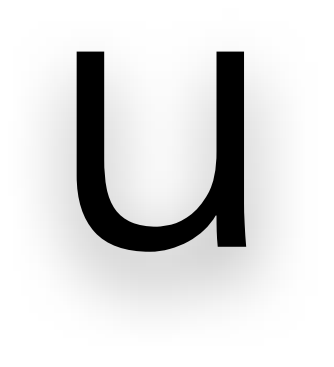

n

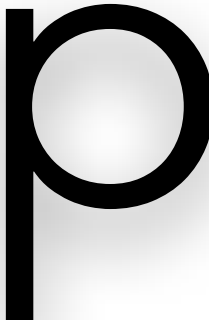




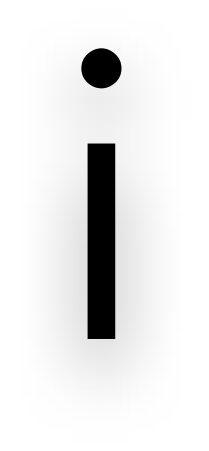
n

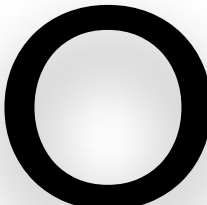


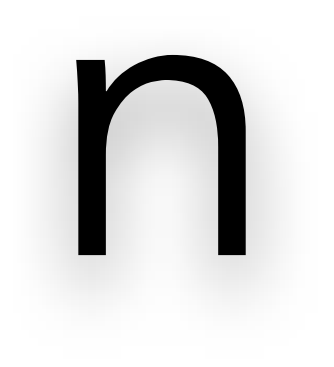


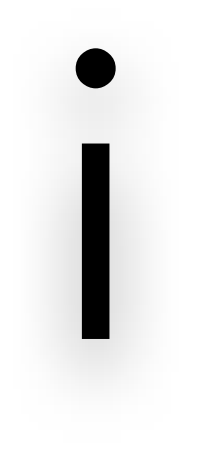


t

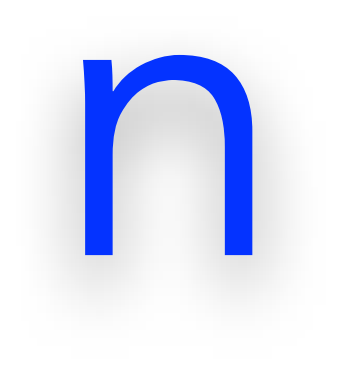




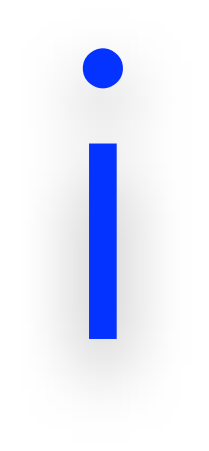

n

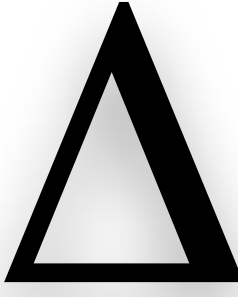


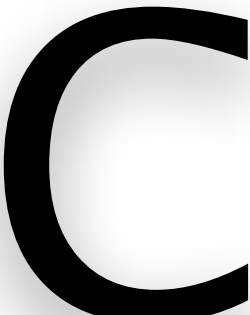
S

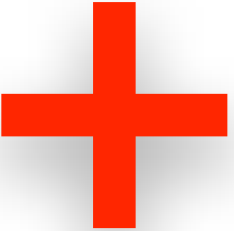

n

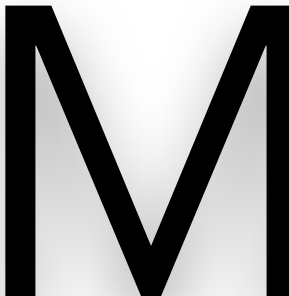
a



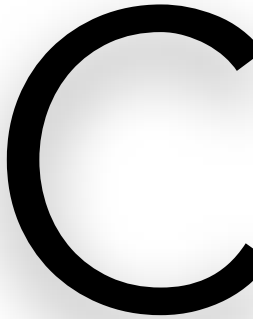


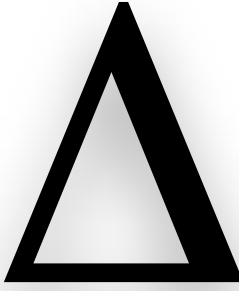


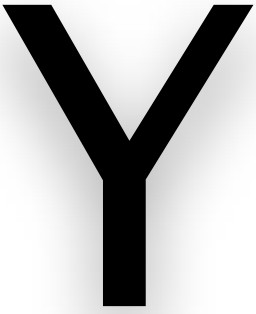




P







When Income increase by ΔY, the change in Consumption is positive

$$\Delta C = +MPC(\Delta Y)$$

When taxes increase by ΔTx, the change in Consumption is negative

$$\Delta C = -MPC(\Delta Tx)$$

When Transfers increase by ΔTr, the change in Consumption is positive

$$\Delta C = +MPC(\Delta Tr)$$

When Income decrease by ΔY (a negative number), the change in Consumption is negative

$$\Delta C = +MPC(\Delta Y)$$

When taxes decrease by ΔTx (a negative number), the change in Consumption is positive

$$\Delta C = -MPC(\Delta Tx)$$

With Government

$$C = a - MPC T_x + MPC T_r + MPC Y$$

When Income increase by ΔY, the change in Consumption is positive

$\Delta C = +MPC(\Delta Y)$

When taxes increase by ΔT_x, the change in Consumption is negative

$\Delta C = -MPC(\Delta T_x)$

When Transfers increase by ΔT_r, the change in Consumption is positive

$\Delta C = +MPC(\Delta T_r)$

When Income decrease by ΔY(a negative number), the change in Consumption is negative

$\Delta C = +MPC(\Delta Y)$

When taxes decrease by ΔT_x(a negative number), the change in Consumption is positive

$\Delta C = -MPC(\Delta T_x)$

When Transfers decrease by ΔT_r(a negative number), the change in Consumption is negative

$\Delta C = +MPC(\Delta T_r)$

With Government