



Once we have the Consumption Function...

W









W















































$$C = 500 + 0.75Y$$

$$S = 500 + 0.25Y$$



Intercept



Slope

Same
intercept but
negative




$$1 - 0.75 = 0.25$$

We can write the Savings Function...

Once we have the Consumption Function...

$$C = 500 + 0.75Y$$

Same
intercept but
negative

$$1 - 0.75 \\ = 0.25$$

$$S = \underbrace{-500}_{\text{Intercept}} + \underbrace{0.25Y}_{\text{Slope}}$$

We can write the Savings Function...

