With Government

Slope

Intercept

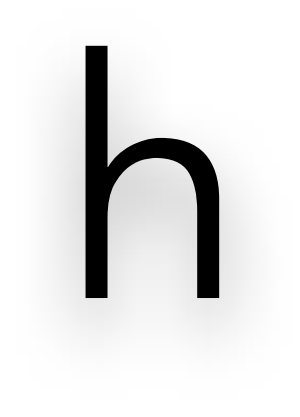
$$S = -a - MPS\,Tx + MPS\,Tr + MPS\,Y$$

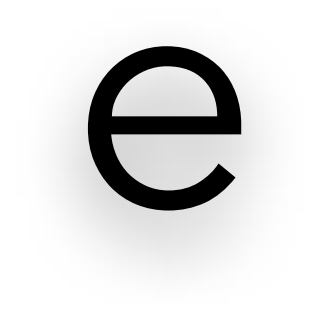
Savings increase (**shift up**) with pessimistic Expectations, when Wealth decrease, when the Price level rise

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

Savings increase when Income (Y) increase: a **movement up along** the savings line

Savings increase (**shift up**) when Transfers increase





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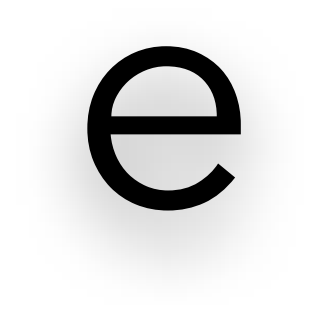

S


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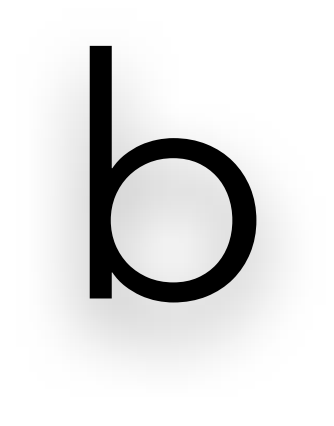

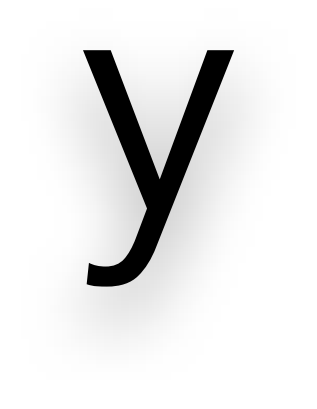
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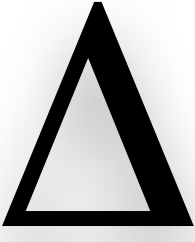

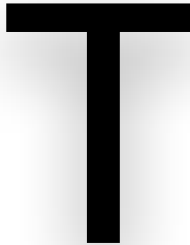


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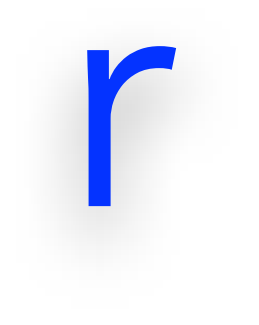

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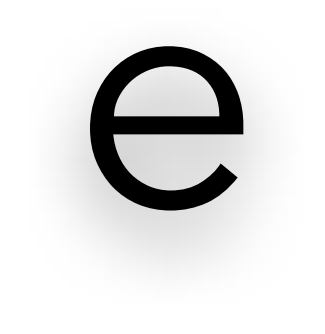

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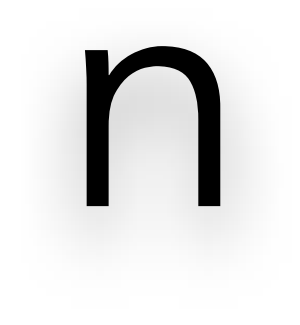

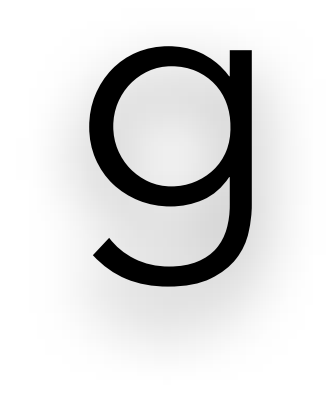

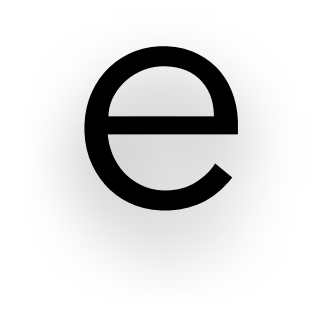

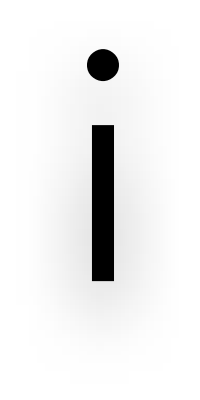

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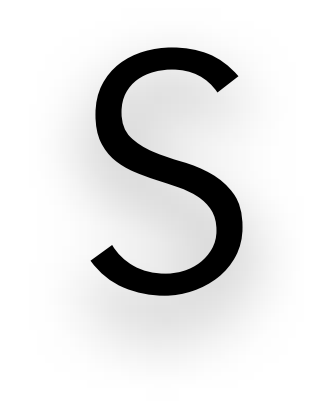

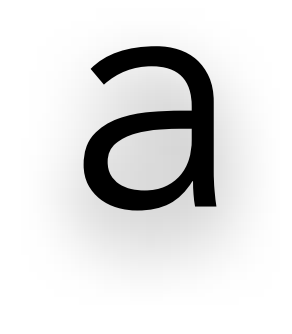
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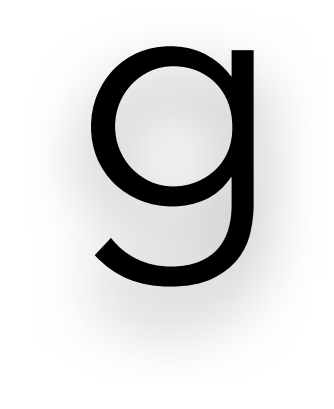

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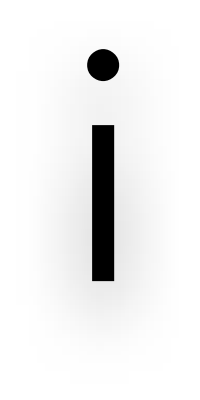

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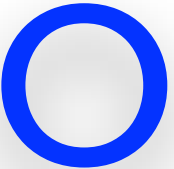

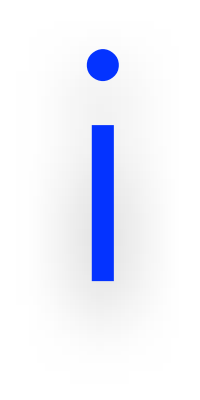

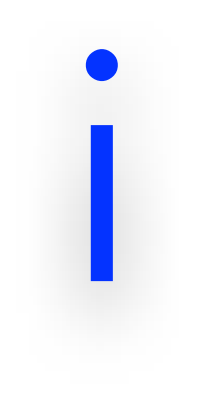

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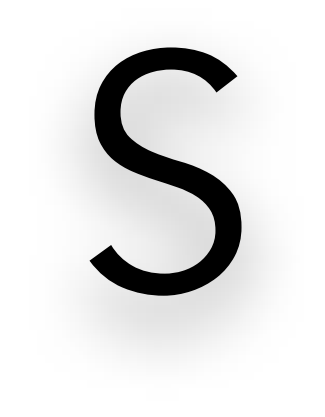

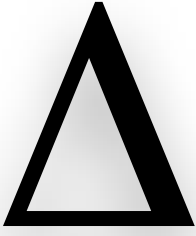

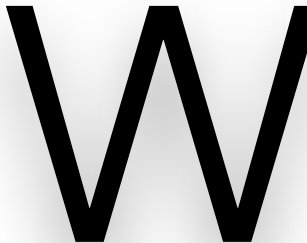

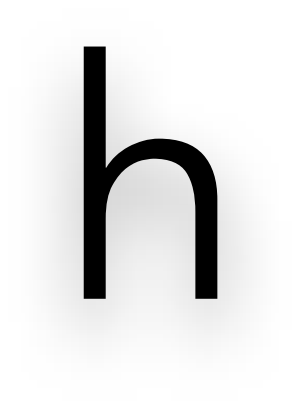

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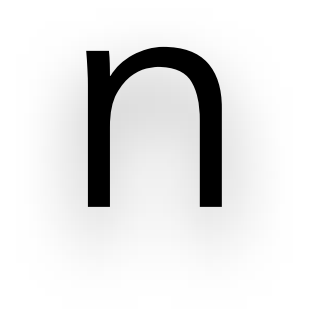
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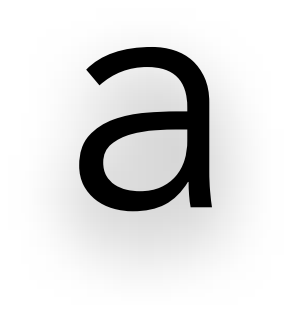
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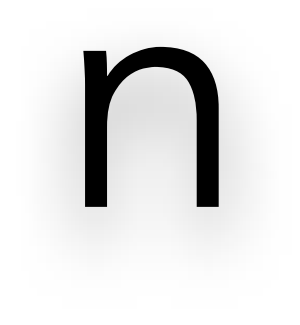
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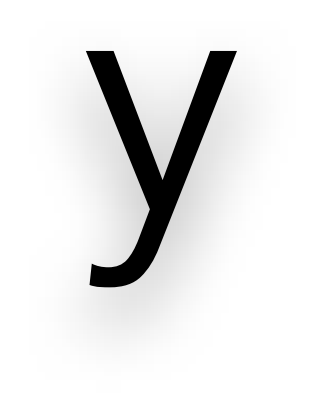
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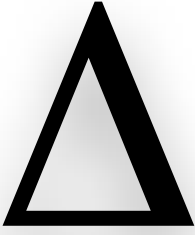

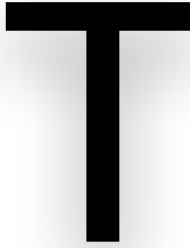

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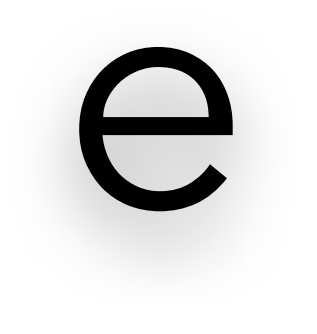

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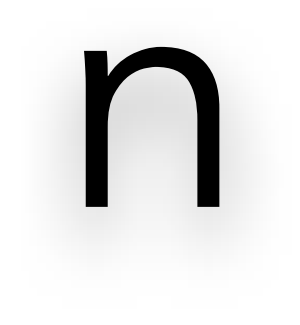
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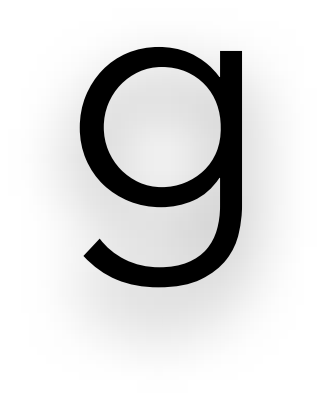

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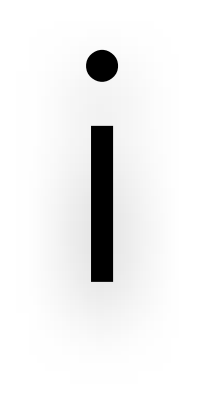

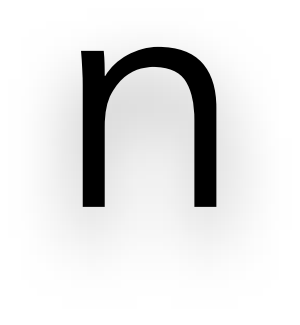
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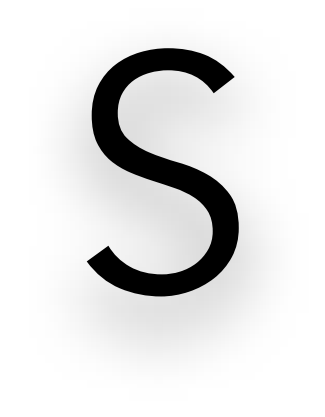

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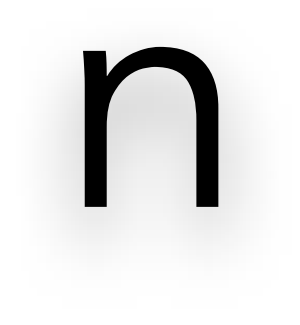
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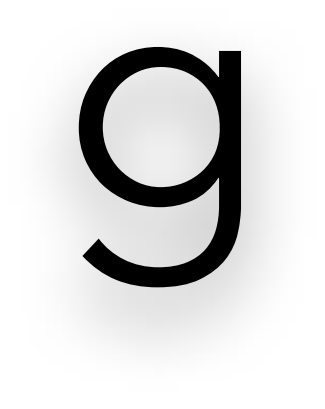

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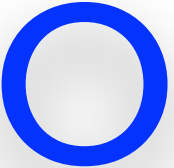

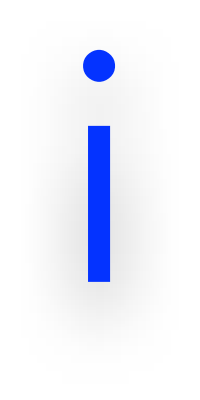

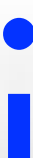

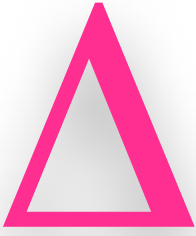

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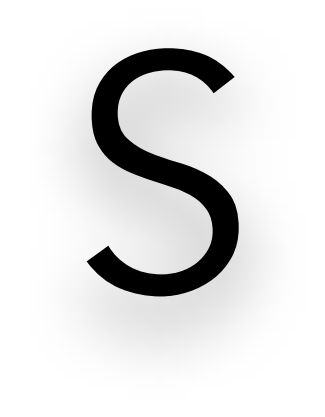
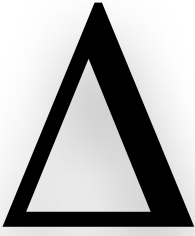
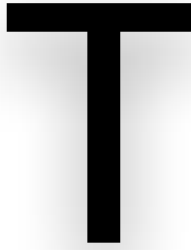




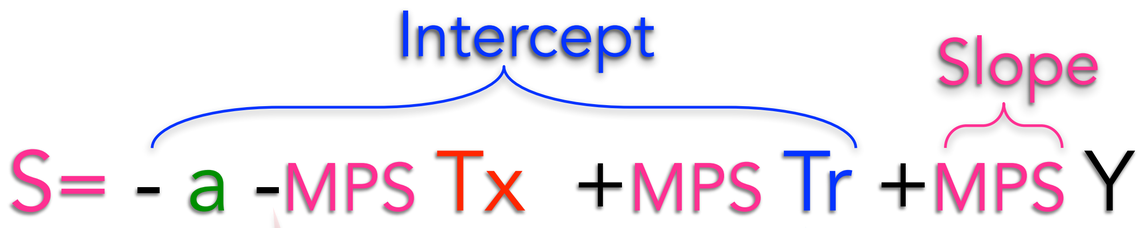


r

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

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

With Government



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

Savings increase (**shift up**) when Transfers increase

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

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

When transfers increase by ΔTr, the change in Savings is positive

$\Delta S = +MPS(\Delta Tr)$

Warning!