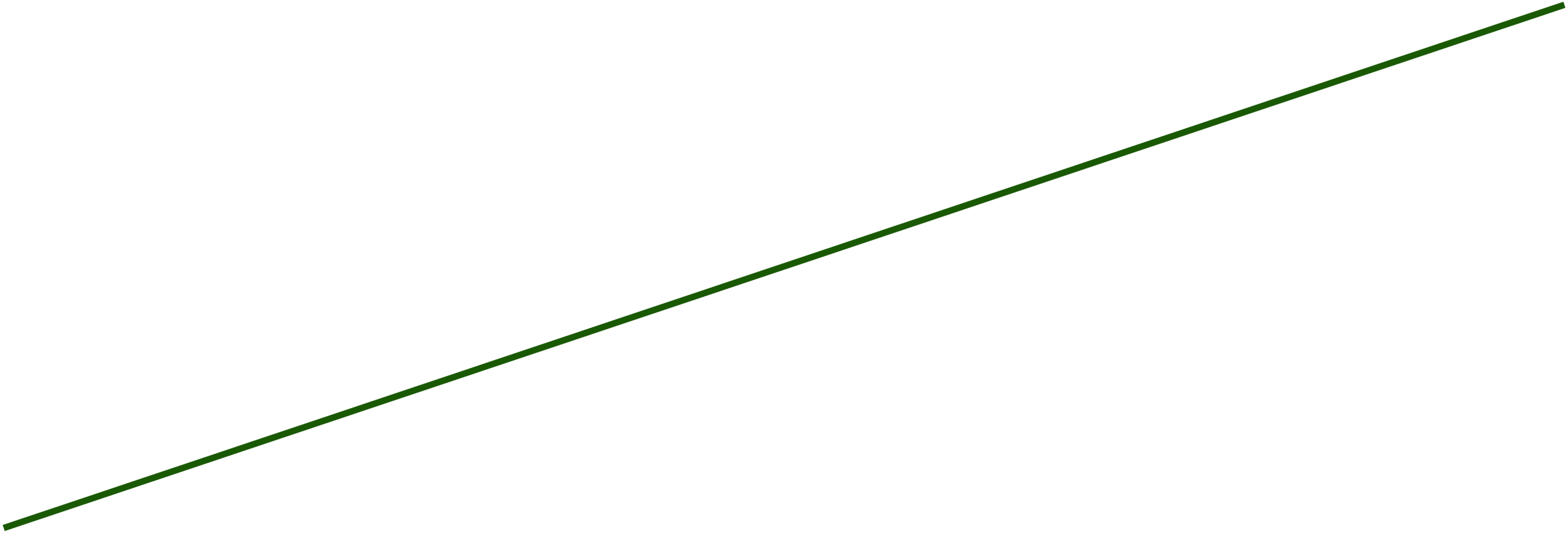
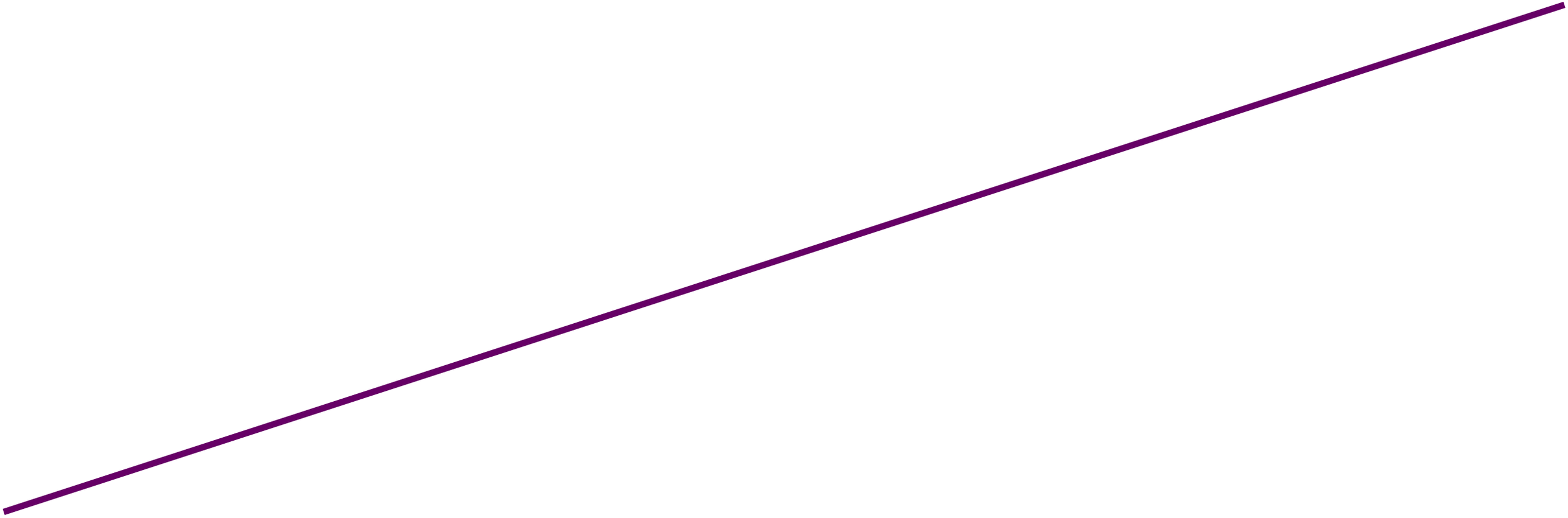
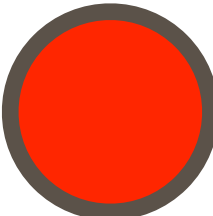




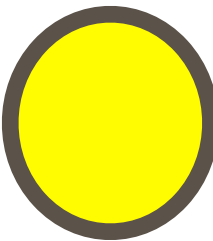
$$C = a + MPCY$$

Aggregate Expenditures (AE)

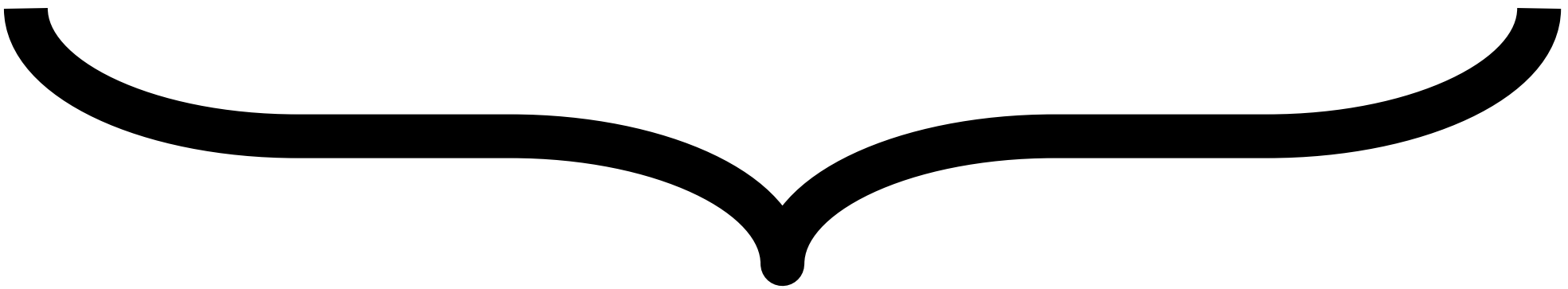
AE



a+I+G+NX



Total Production=National Income



Intercept

AE line

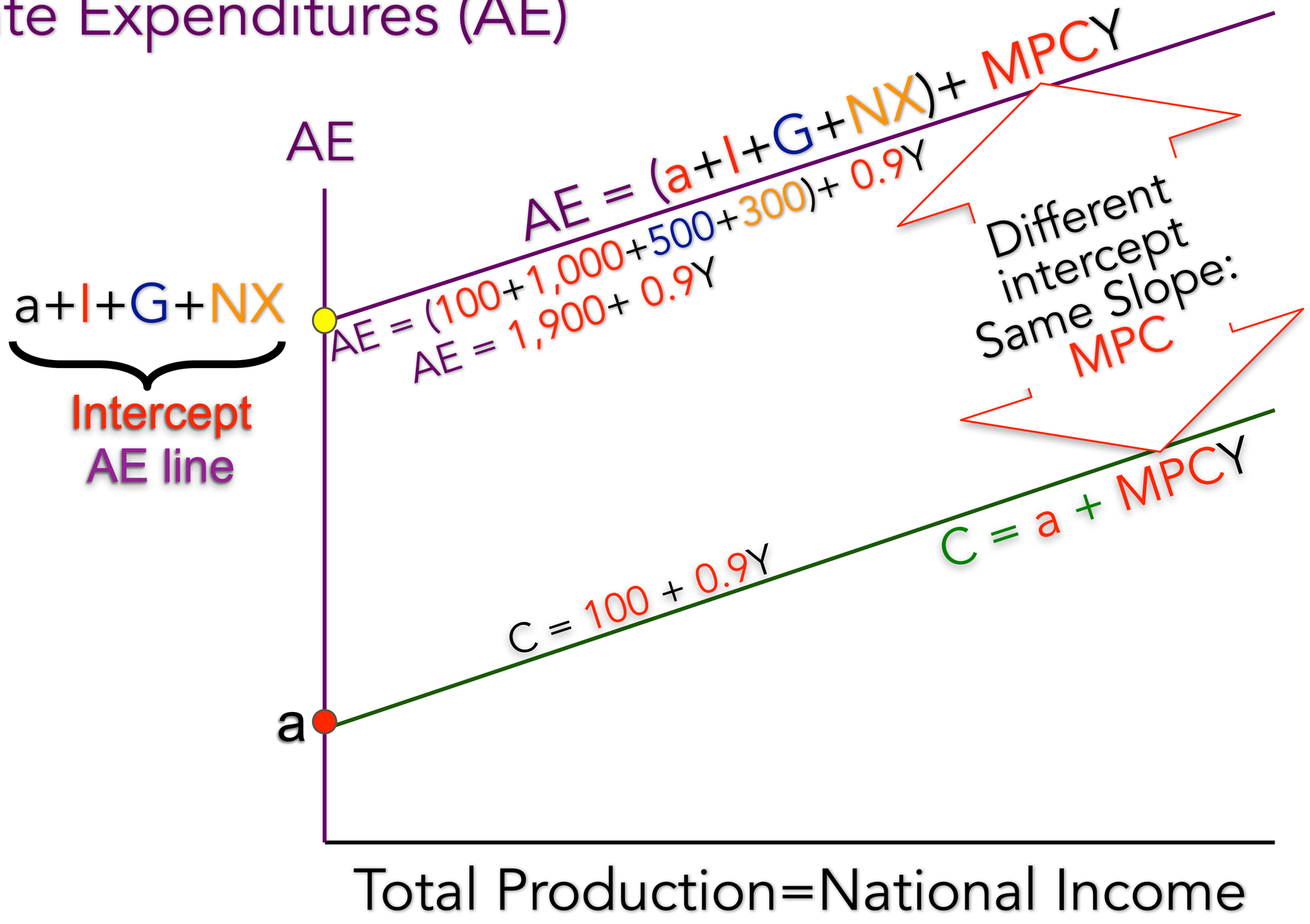
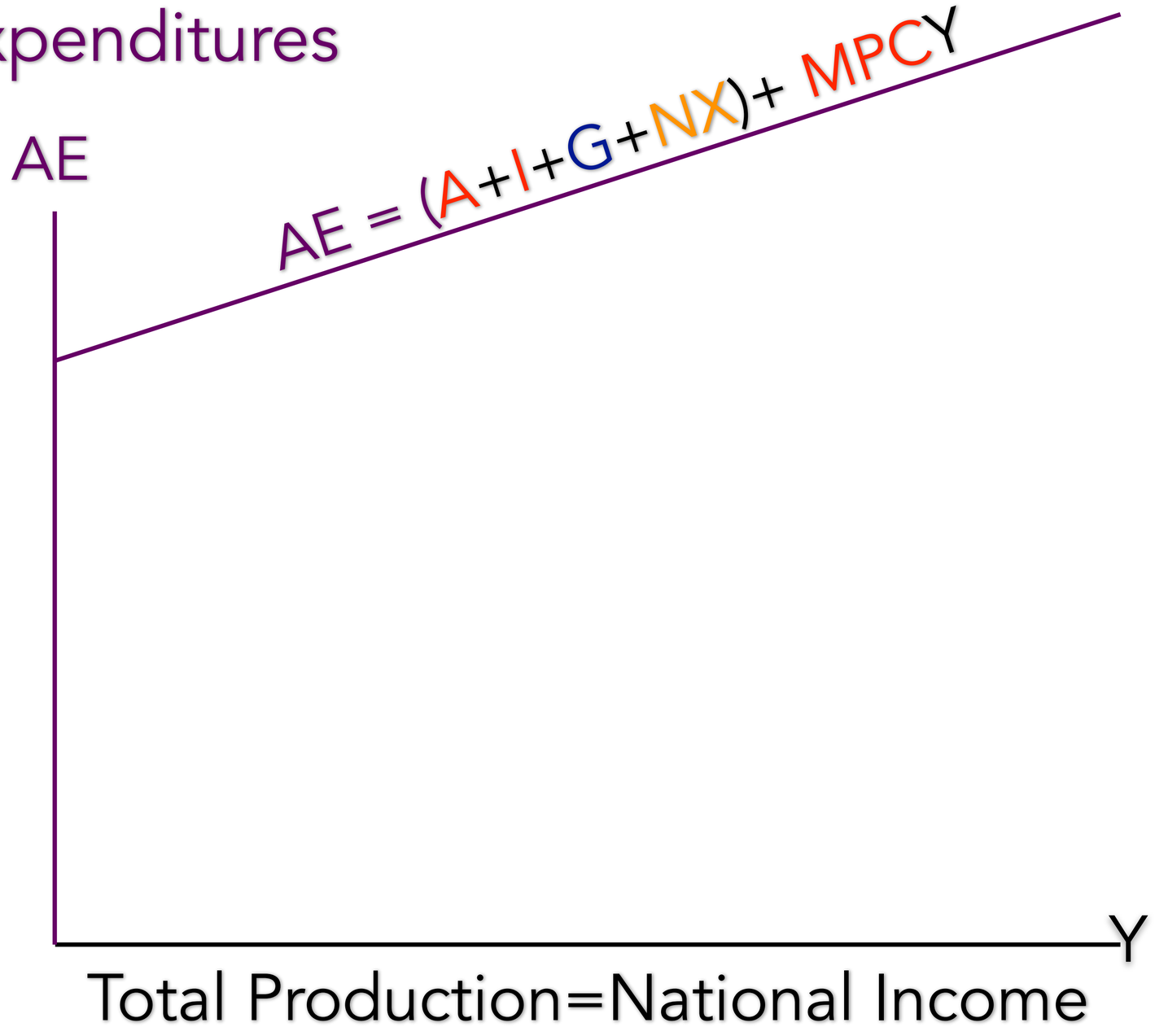
Different intercept Same Slope: MPC

$$C = 100 + 0.9Y$$

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

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

Aggregate Expenditures (AE)



Aggregate Expenditures