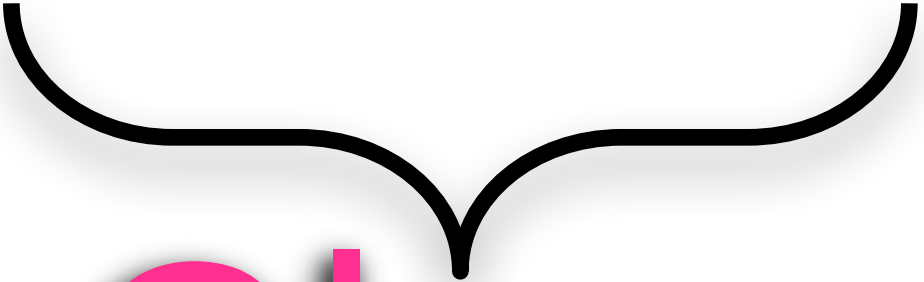


Slope

$$Y - Tx + Tr = C + S$$

Disposable Income is used for Consumption and Saving

With Government

$$Y - C - Tx + Tr = S$$

$$Y - (A + MPCY) - Tx + Tr = S$$

$$C = A + MPCY$$

$$Y - A - MPCY - Tx + Tr = S$$

$$-A + Y - MPCY - Tx + Tr = S$$

$$-A + (1 - MPC)Y - Tx + Tr = S$$

$$-A - Tx + Tr + (1 - MPC)Y = S$$

$$S = -A - Tx + Tr + (1 - MPC)Y$$


A = a - MPCTx + MPCTr

$$S = -(a - MPCTx + MPCTr) - Tx + Tr + (1 - MPC)Y$$

$$S = -a + MPCTx - MPCTr - Tx + Tr + (1 - MPC)Y$$

$$S = -a + MPCTx - Tx - MPCTr + Tr + (1 - MPC)Y$$

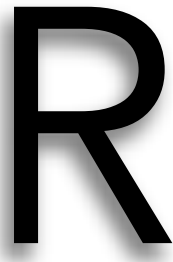
$$S = -a - (1 - MPC)Tx + (1 - MPC)Tr + (1 - MPC)Y$$

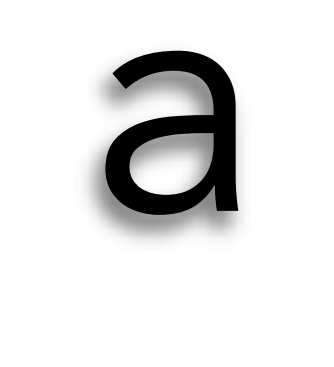
Intercept

1-MPC


= MPS

$$S = -a - MPS_{Tx} + MPS_{Tr} + MPS_{Y}$$

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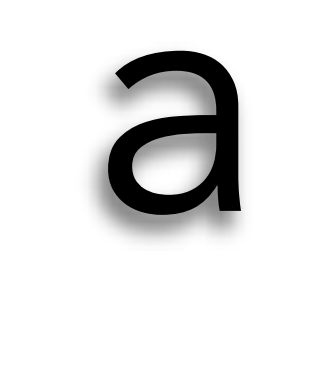
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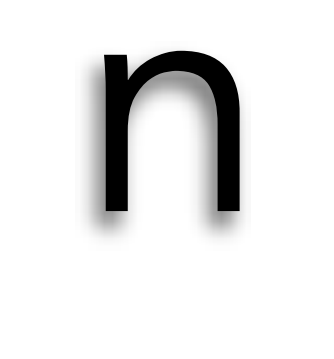
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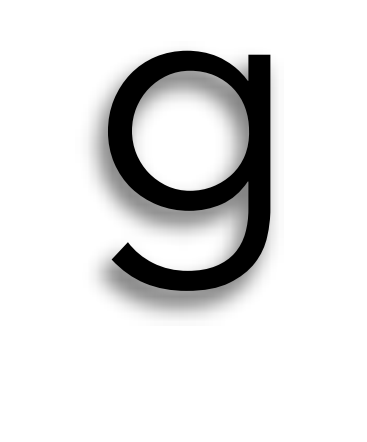

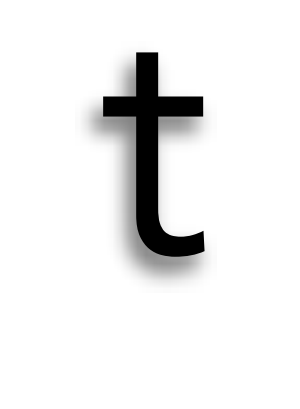

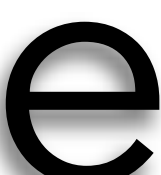

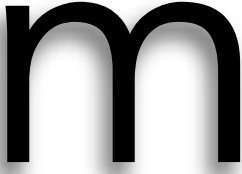
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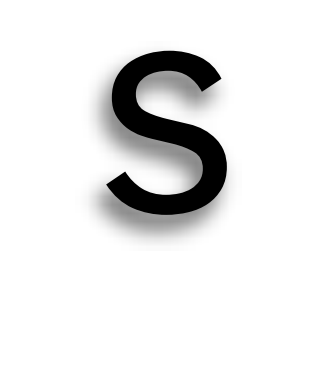
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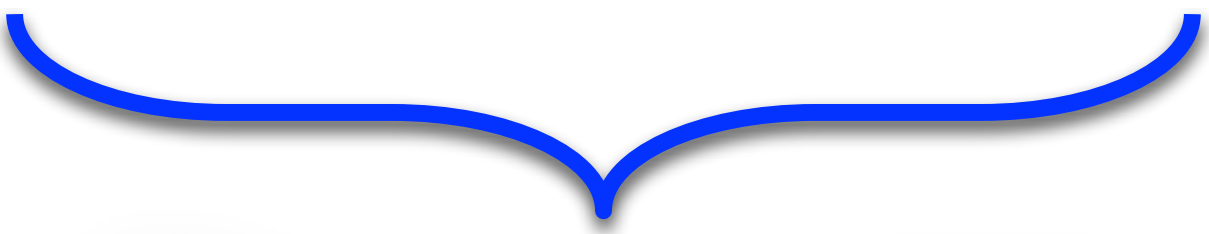

Disposable Income

Rearrange terms:

With Government

$Y - Tx + Tr = C + S$

Disposable Income

Rearrange terms:

$Y - C - Tx + Tr = S$

$C = A + MPCY$

$Y - (A + MPCY) - Tx + Tr = S$

$Y - A - MPCY - Tx + Tr = S$

$-A + Y - MPCY - Tx + Tr = S$

$-A + (1-MPC)Y - Tx + Tr = S$

$-A - Tx + Tr + (1-MPC)Y = S$

$S = -A - Tx + Tr + (1 - MPC)Y$

$A = a - MPCTx + MPCTr$

$S = -(a - MPCTx + MPCTr) - Tx + Tr + (1 - MPC)Y$

$S = -a + MPCTx - MPCTr - Tx + Tr + (1 - MPC)Y$

$S = -a + MPCTx - Tx - MPCTr + Tr + (1 - MPC)Y$

$S = -a - (1 - MPC)Tx + (1 - MPC)Tr + (1 - MPC)Y$

$1 - MPC = MPS$

$S = -a - MPSTx + MPSTr + MPSY$

Intercept

Slope

With Government