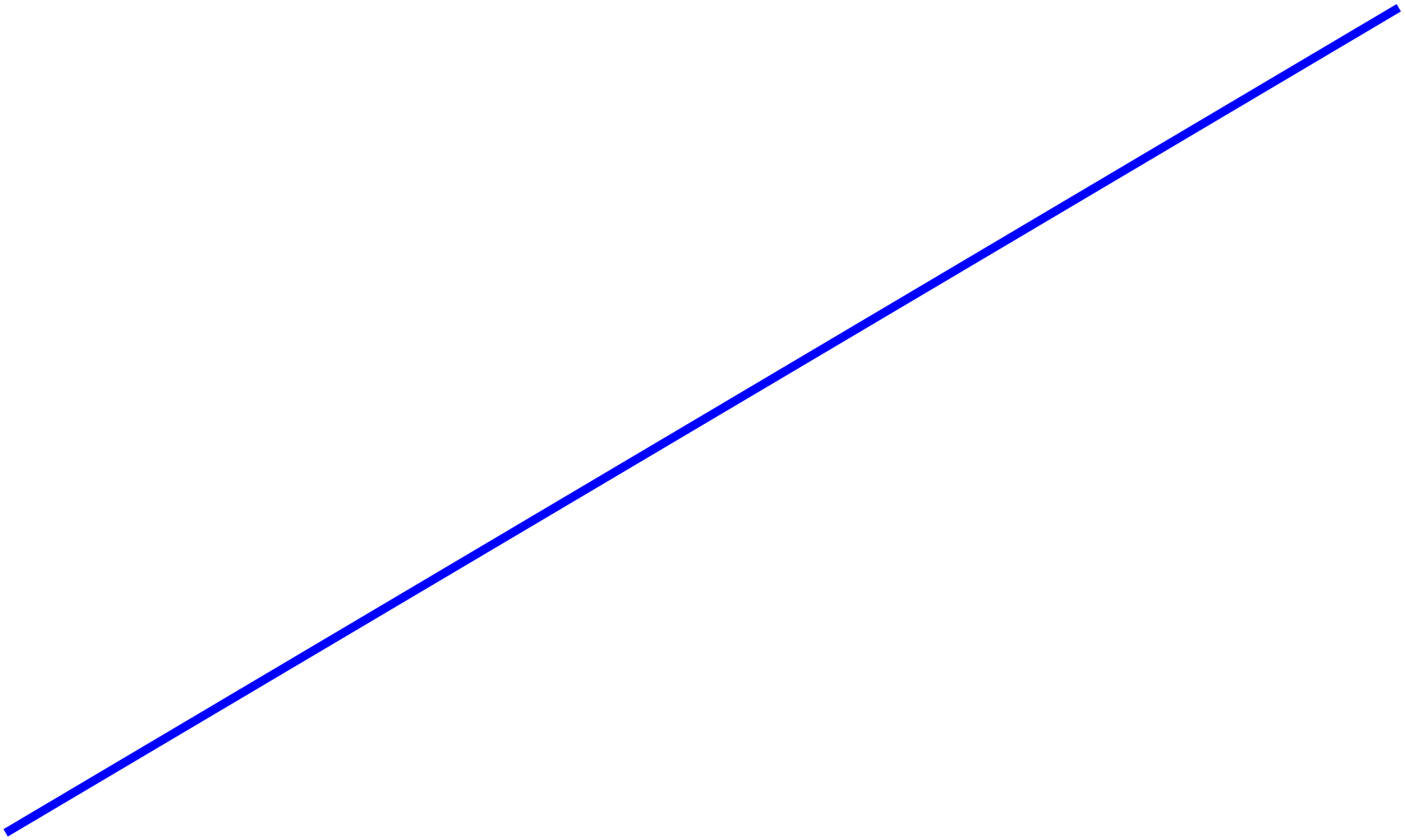
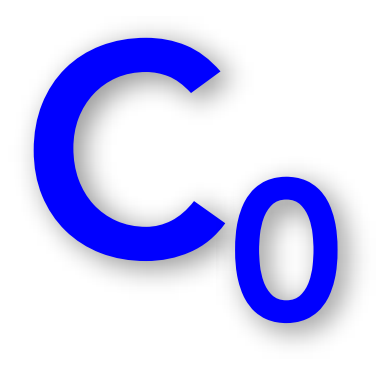



C0

S0

$$Y=12000$$

$$Y=12000$$

$$Y=13000$$

$$Y=13000$$

C=11800

C=12700

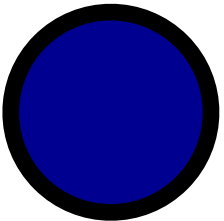
Income (Y)

Wages

Profits

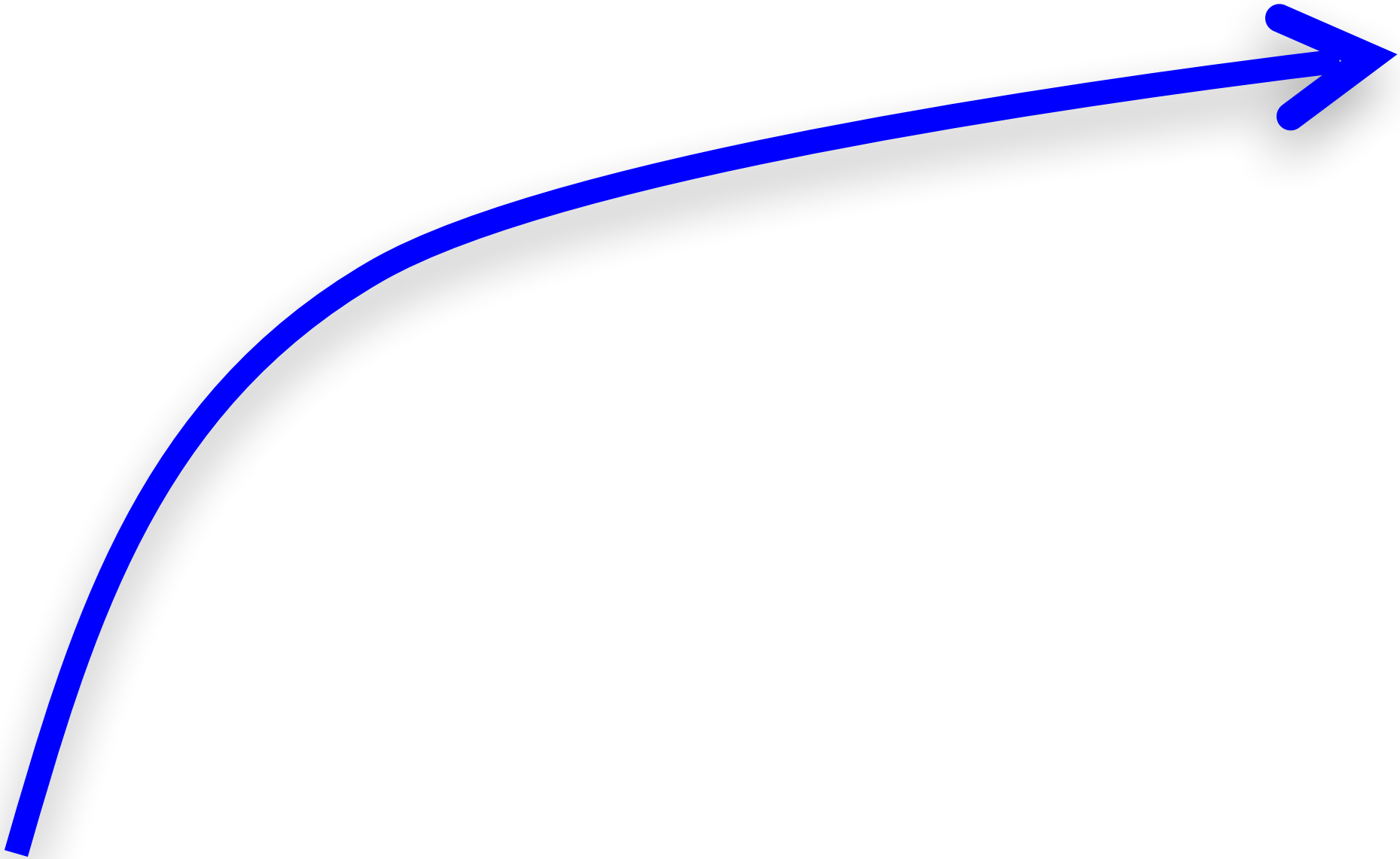
Interest

Rents

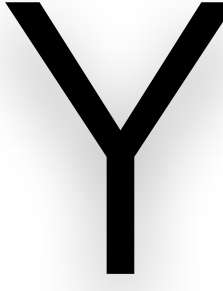


Savings Increase

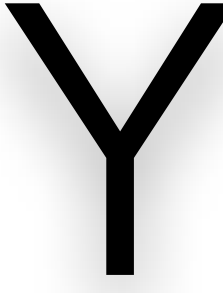
Change in Income: Move along



Income



Income



$$S = 12000 - 11800 = 200$$

$$S = Y - C$$

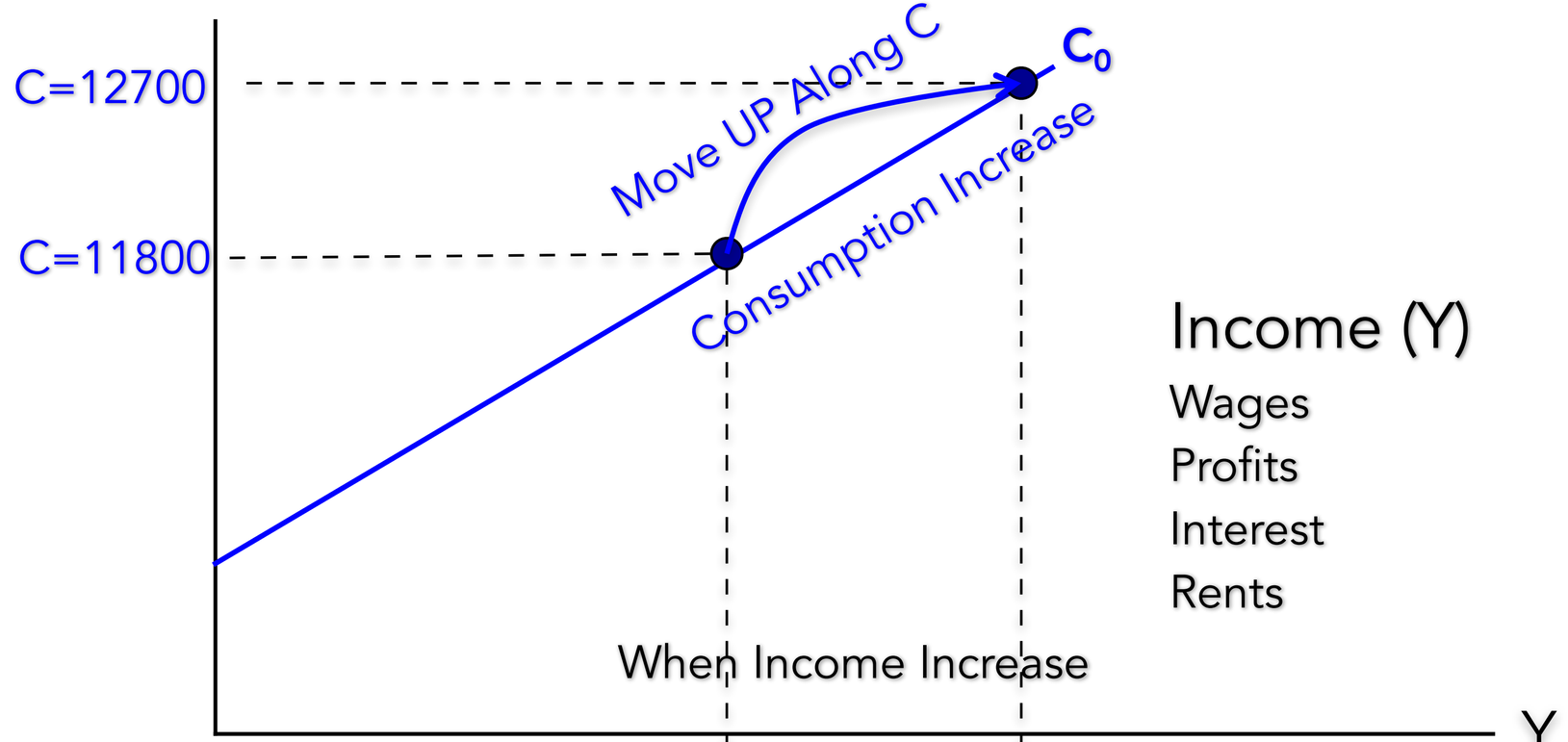
$$S = 13000 - 12700 = 300$$

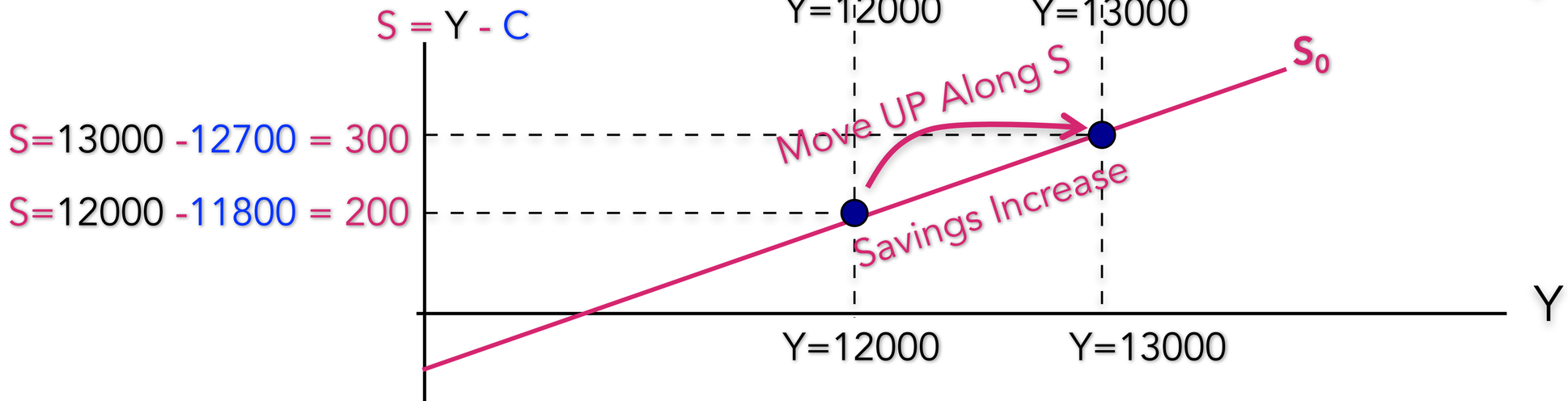
An increase in Incomes result in a movement up along both: C and S

When Income Increase

Change in Income: Move along

An increase in Incomes result in a movement up along both: C and S





Shifts in the Consumption Line