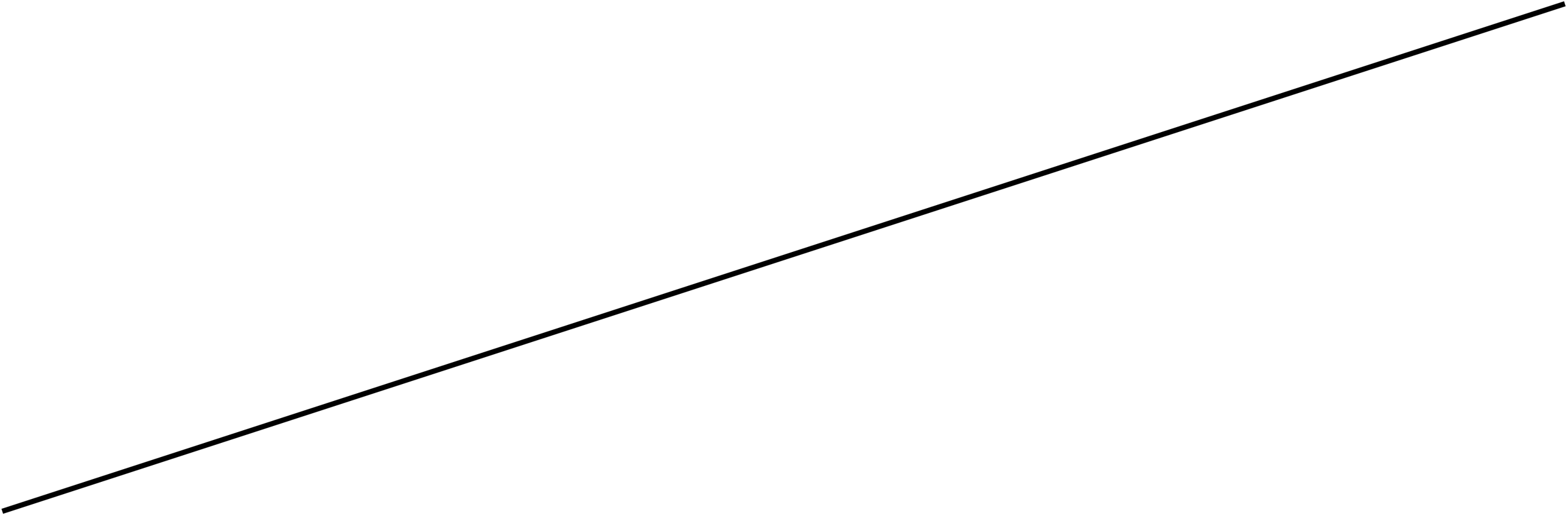
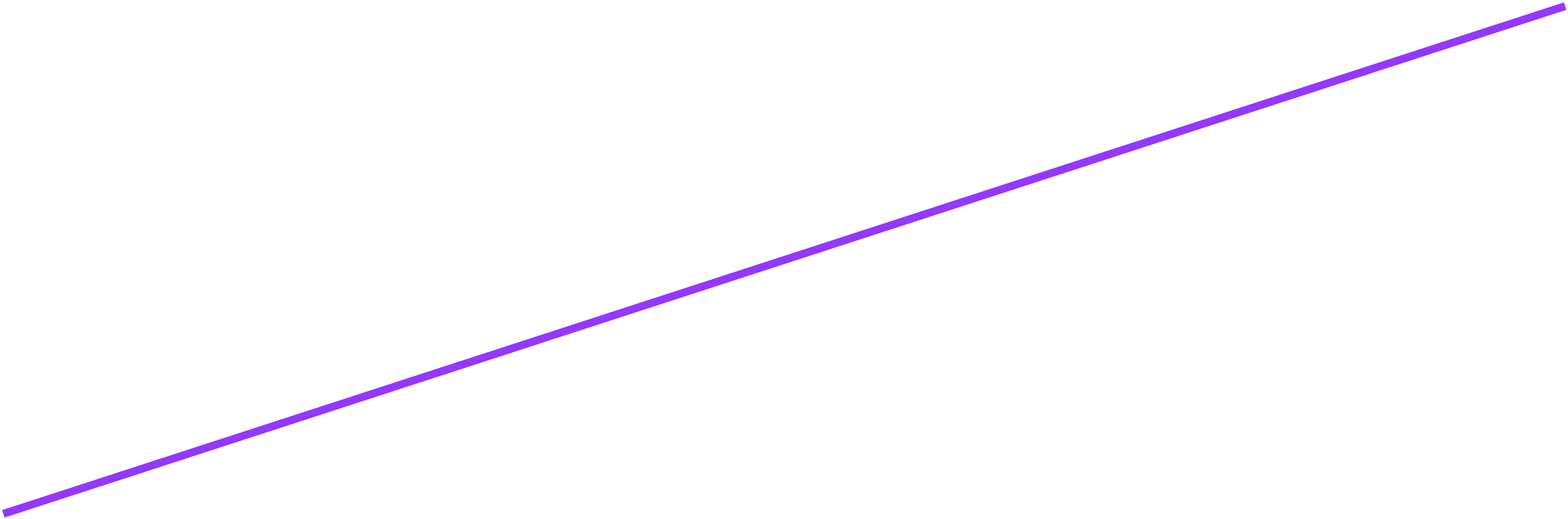
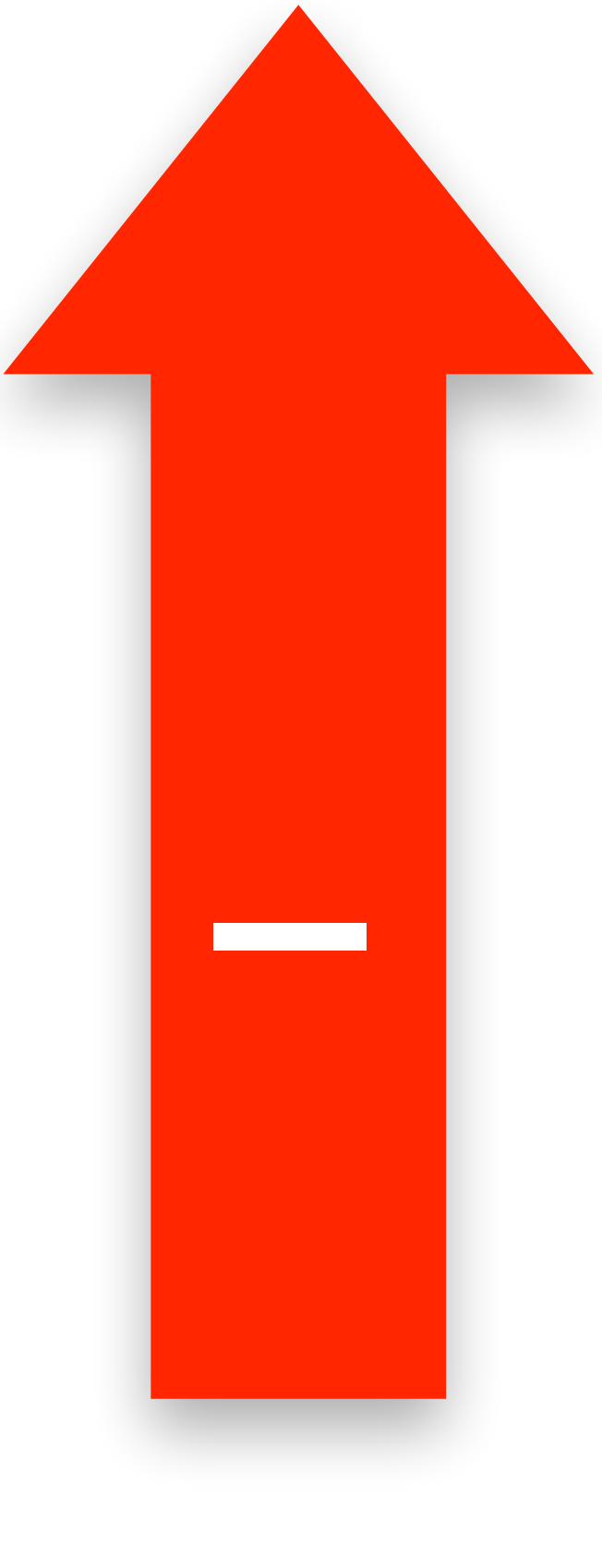
Real Income = Real GDP = Y





C



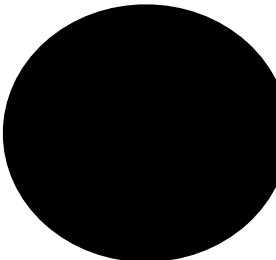
NX

AE

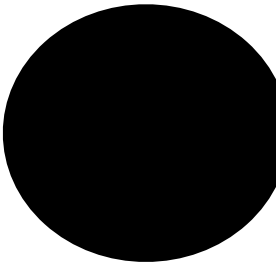
C and AE

$$a - bTx + bTr$$

$$C = (a - bTx + bTr) + bY$$



$$(a - bTx + bTr)+I+G+NX$$



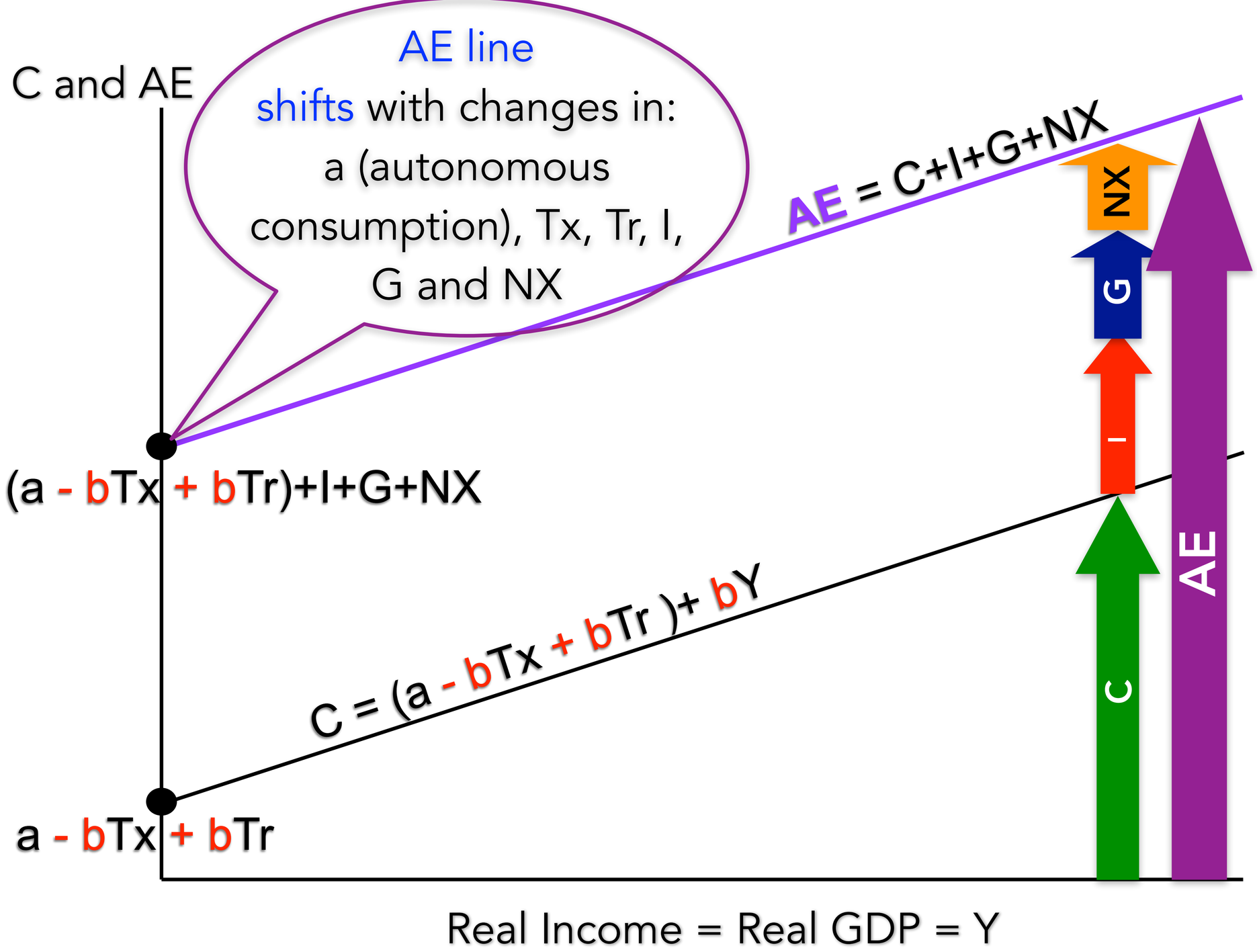
Intercept changes with changes in: a (autonomous consumption), Tx, Tr, I, G and NX

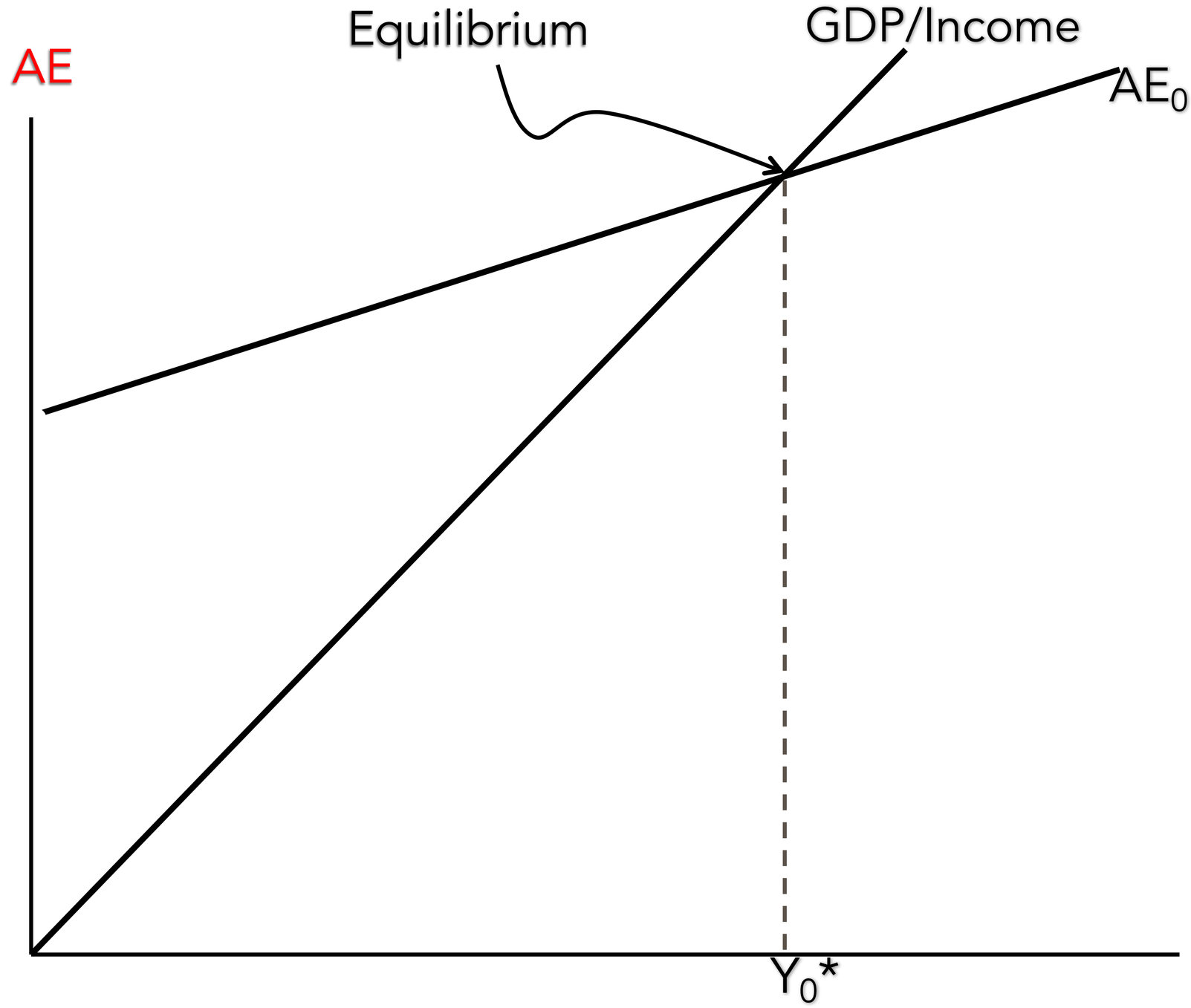
$$AE = C+I+G+NX$$

AE line

shifts with changes in:

a (autonomous consumption), Tx, Tr, I, G and NX


AE line
shifts with changes in:
a (autonomous consumption), Tx, Tr, I, G and NX
C and AE
AE = C+I+G+NX
NX
G
I
C
AE
(a - bTx + bTr)+I+G+NX
C = (a - bTx + bTr)+ bY
a - bTx + bTr
Real Income = Real GDP = Y


Equilibrium
GDP/Income
AE
AE_0
Y_0*