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# The Components of Aggregate Expenditures

Consumer spending depends on National Income( $Y$ ):

**C** = Intercept + **MPCY**

**Government (G)** spending does NOT depend on Income. It changes with Government policy

**G, I and X** = Values which  
do not change with Income

**Investment (I)** spending does NOT depend on **Income**. It changes with business' plans for plant expansion and consumers' plans for buying new homes



**Tx and M** = Values

which do not change  
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**Exports (X)** do NOT depend on U.S.

**Income exports** depend on incomes abroad


To simplify, we will *assume* that **Taxes** do  
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Spending  
Injections

Savings depend on National Income( $Y$ ):

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Spending  
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If