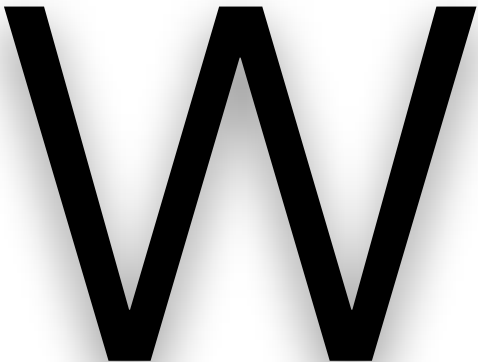
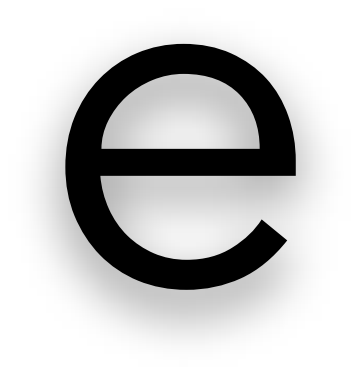
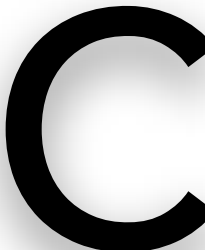
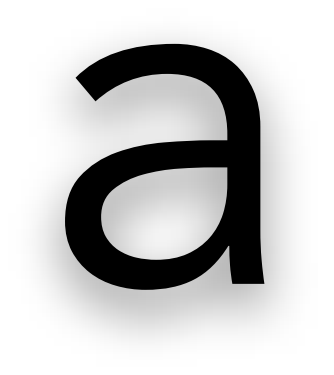
33

Once we have the Consumption Function…





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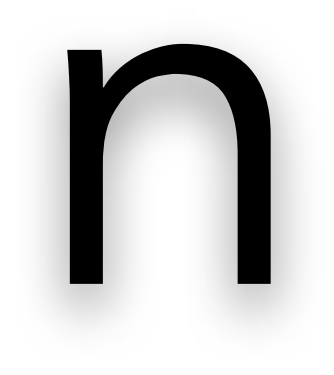

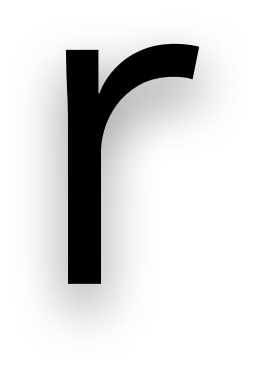

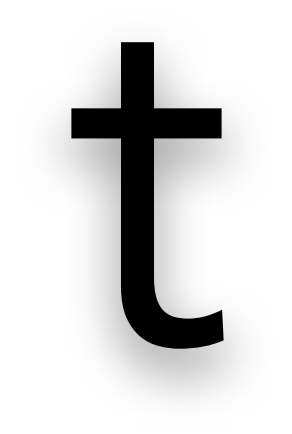

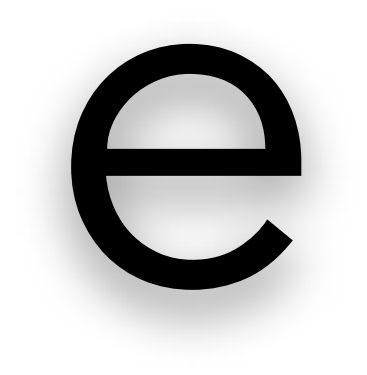

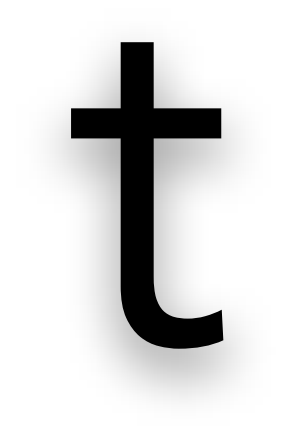

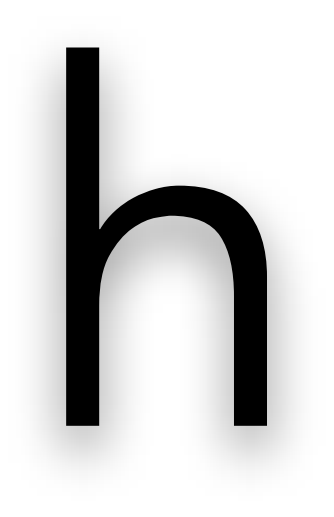

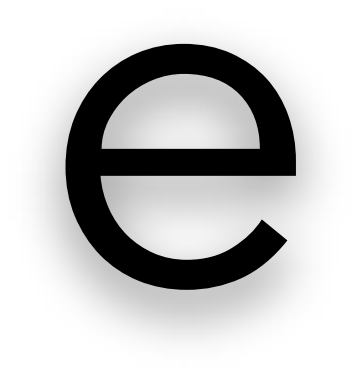

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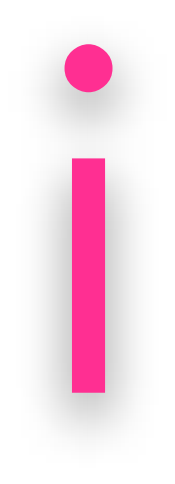
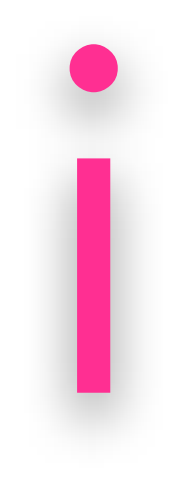
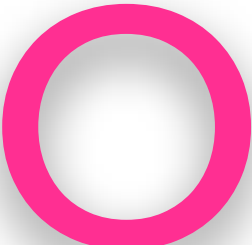


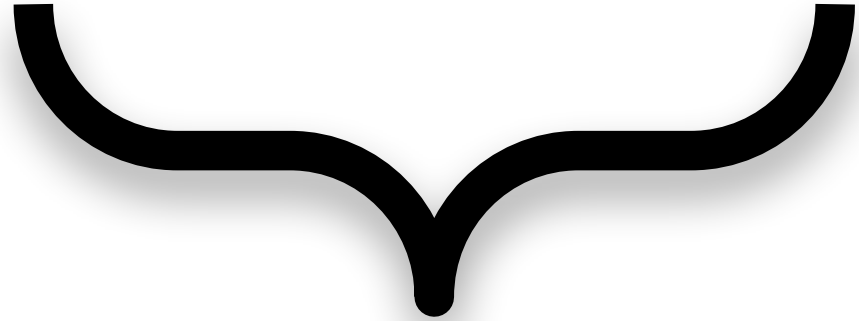




$$C = 500 + 0.75Y$$

$$S = -500 + 0.25Y$$

Intercept



Slope

Same intercept but negative

$$1 - 0.75 = 0.25$$

1 - MPC

We can write the Savings Function…

Once we have the Consumption Function…

$$C = 500 + 0.75Y$$

Same intercept but negative

1 - 0.75 = 0.25

1 - MPC

$$S = -\underbrace{500}_{\text{Intercept}} + \underbrace{0.25}_{\text{Slope}}Y$$

We can write the Savings Function…