

$$C = a + MPC * Yd$$

Yd0





C1





Move UP Along C

Y

National Income :

Wages

Profits

Interest

Rents





$$Y_d = Y - TX + Tr$$



$$\left\{ \Delta C = MPC * \Delta Y^d \right.$$





Yd₁

Co

$$C = a + MPC * (Y - Tx + Tr)$$

IF Consumption changes with

Disposable Income Y_d

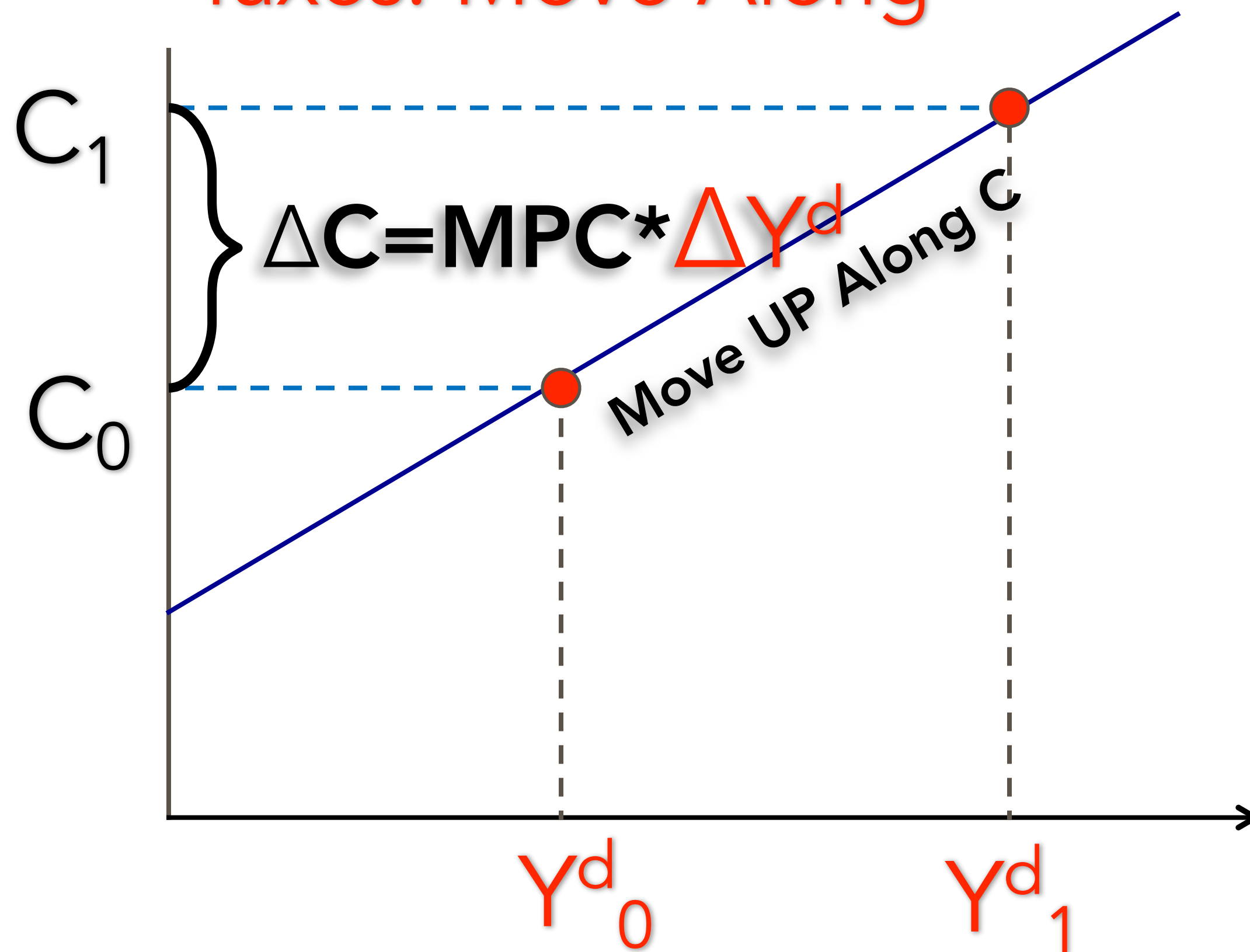
A change in Transfers or
Taxes: Move Along

IF Consumption changes with Disposable Income Y^d

A change in Transfers or
Taxes: Move Along

$$C = a + MPC * Y^d$$

$$C = a + MPC * (Y - Tx + Tr)$$



Y
National Income :

Wages

Profits

Interest

Rents

$$\uparrow Y^d = Y - \downarrow Tx + \uparrow Tr$$

Consumption changes with Disposable Income

$$C = a + \text{MPC} * Y^d \quad Y^d$$

