With Government

Slope

Intercept

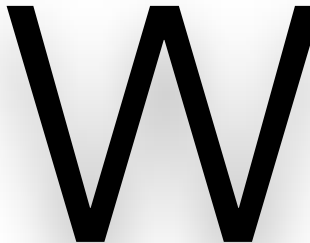
$$S = -a - MPS\,Tx + MPS\,Tr + MPS\,Y$$

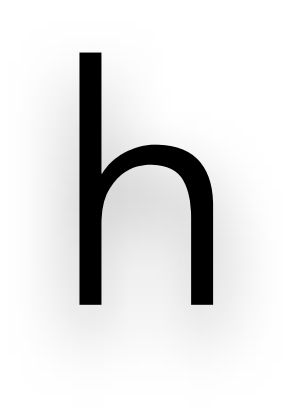
Savings decrease (**shift down)** with optimistic expectations, an increase in wealth or a drop in the price level

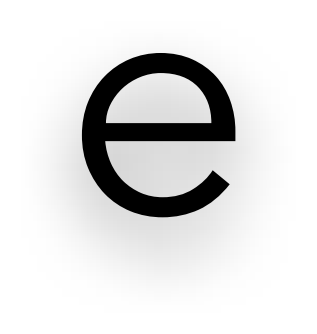
Savings decrease (**shift down**) when Taxes increase

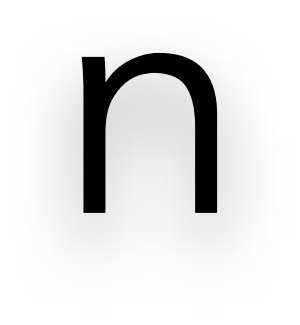
Savings decrease when Income (Y) decrease: a **movement down along** the savings line

Savings decrease (**shift down**) when Transfers decrease





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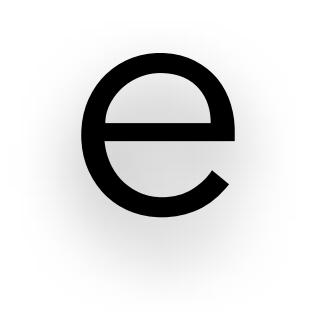

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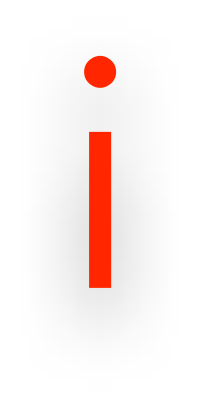


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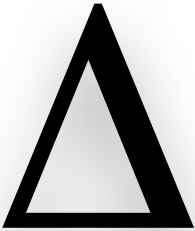

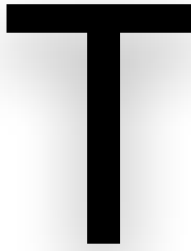

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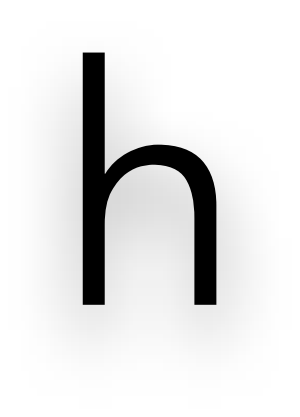

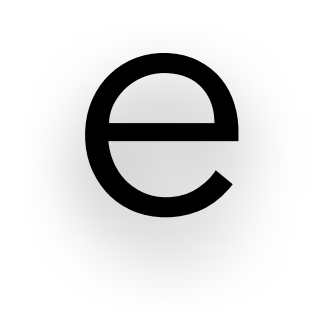

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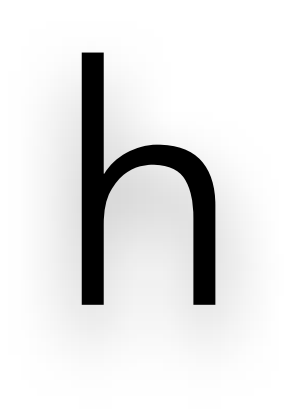

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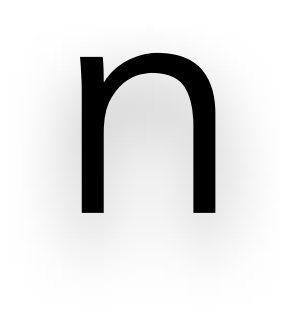
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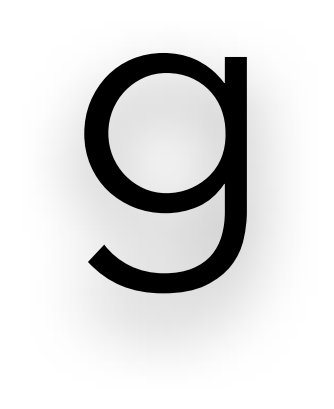

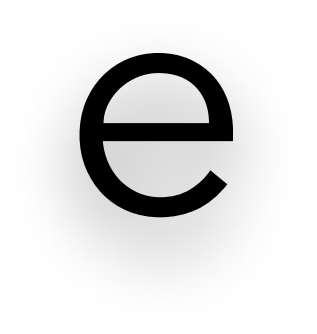

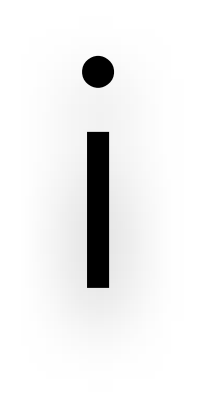

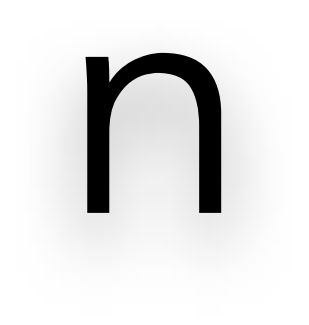
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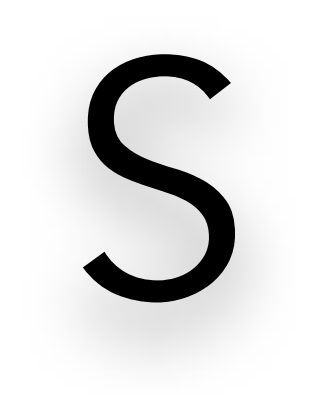

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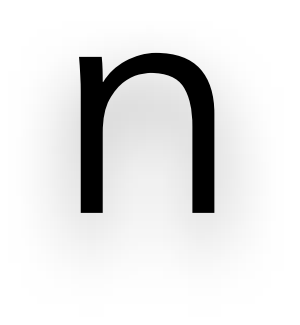
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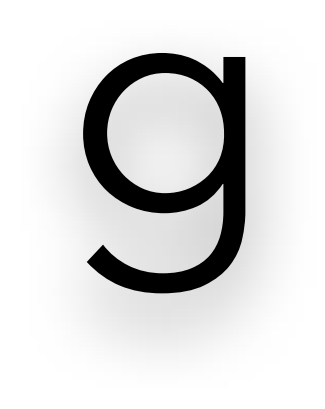

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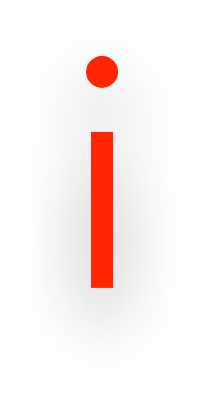

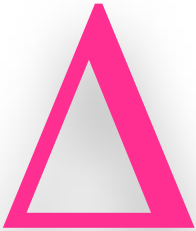

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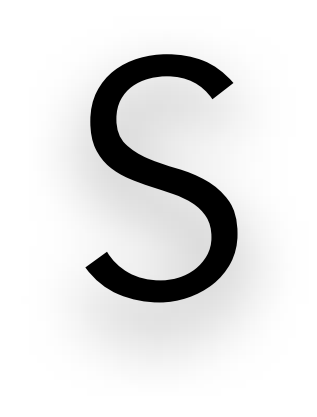

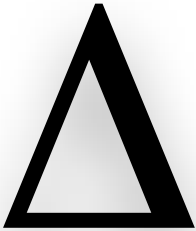

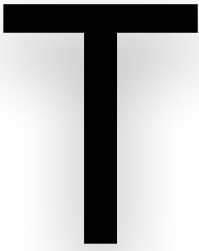

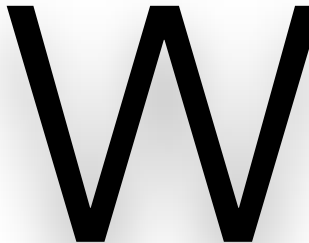

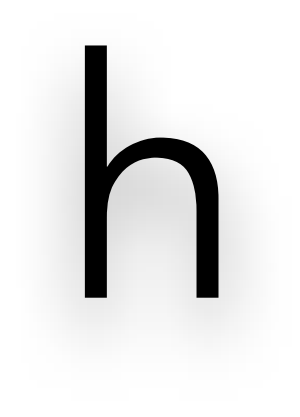

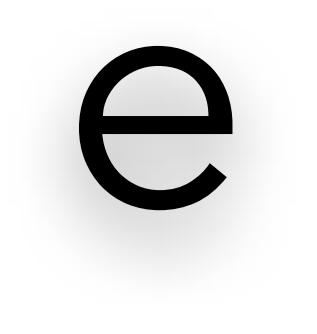

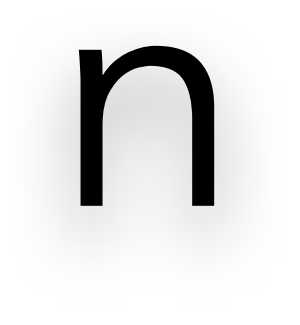
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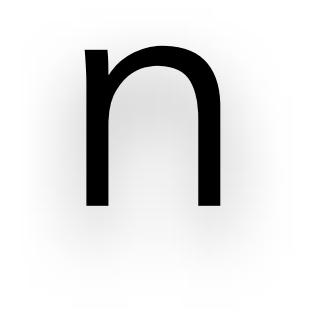
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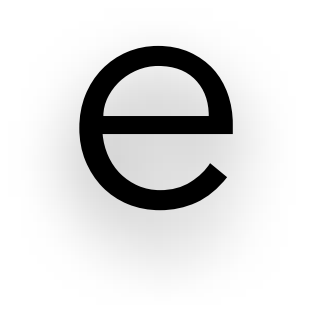


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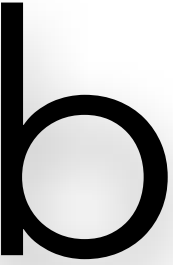

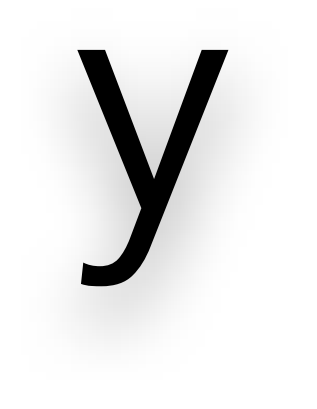
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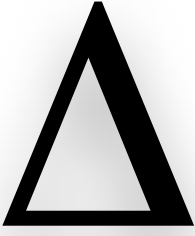

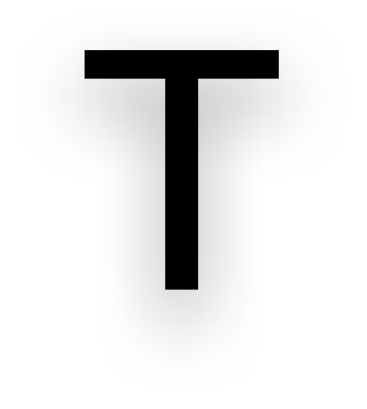

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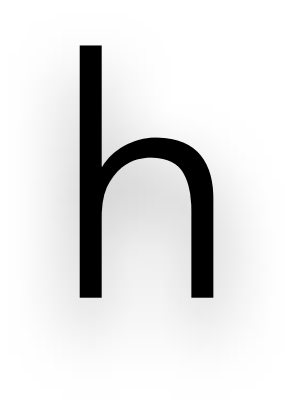

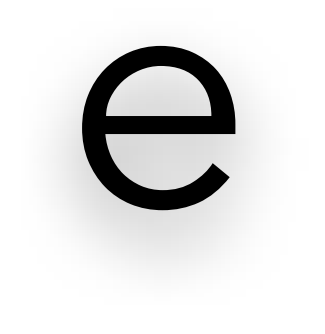

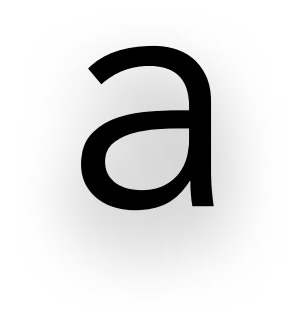
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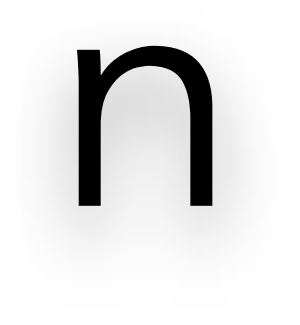
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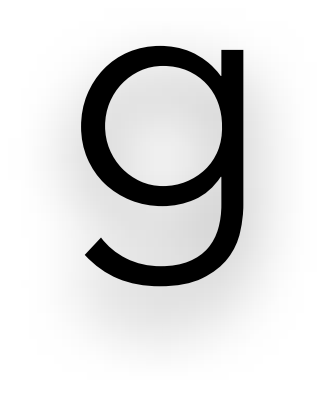

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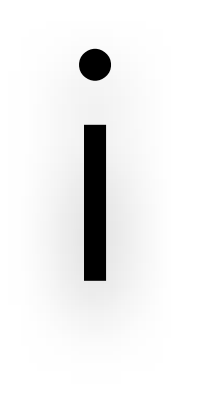

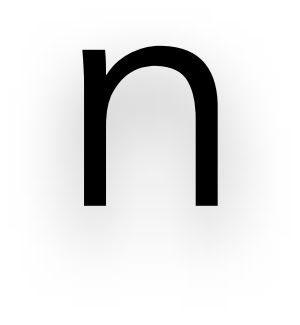
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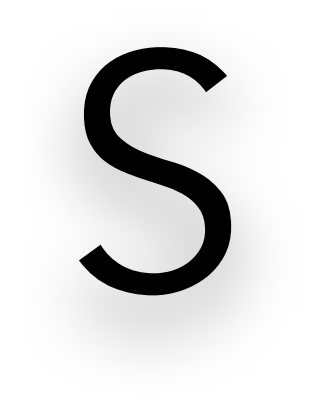

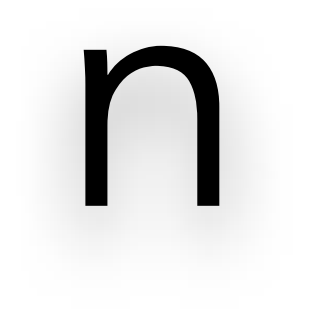
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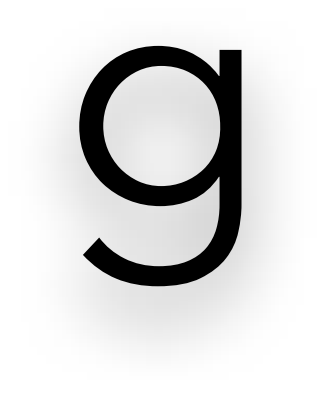

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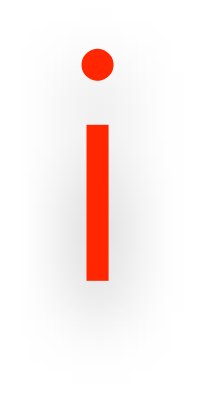

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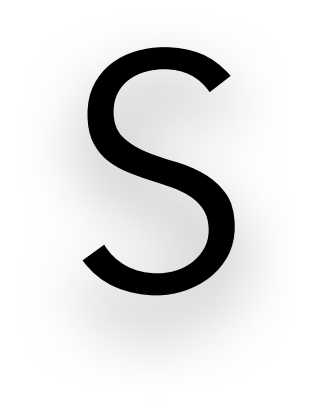

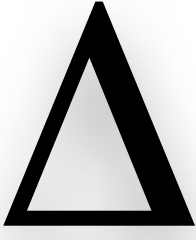

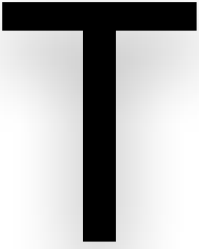

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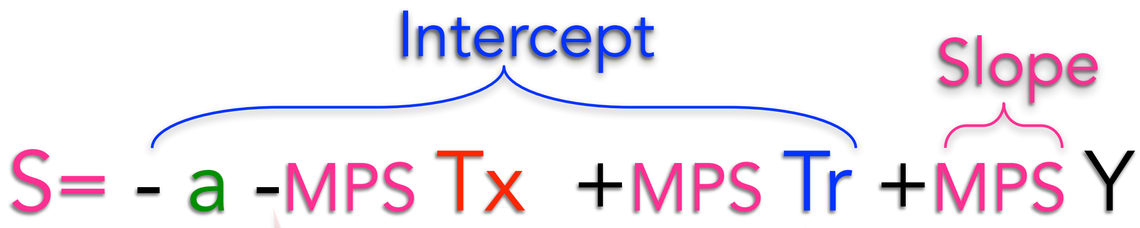
When taxes increase by ΔTx, the change in Savings is negative

$$\Delta S = -MPS(\Delta Tx)$$

With Government



Savings decrease (**shift down**) when Taxes increase

Savings decrease (**shift down**) when Transfers decrease

When taxes increase by ΔTx, the change in Savings is negative

ΔS = -MPS(ΔTx)

When transfers decrease by ΔTr (a negative number), the change in Savings is negative

ΔS = +MPS(-ΔTr)

With Government