16

$$C = 500 + 0.9(10{,}000)$$

$$C = a + MPCY$$

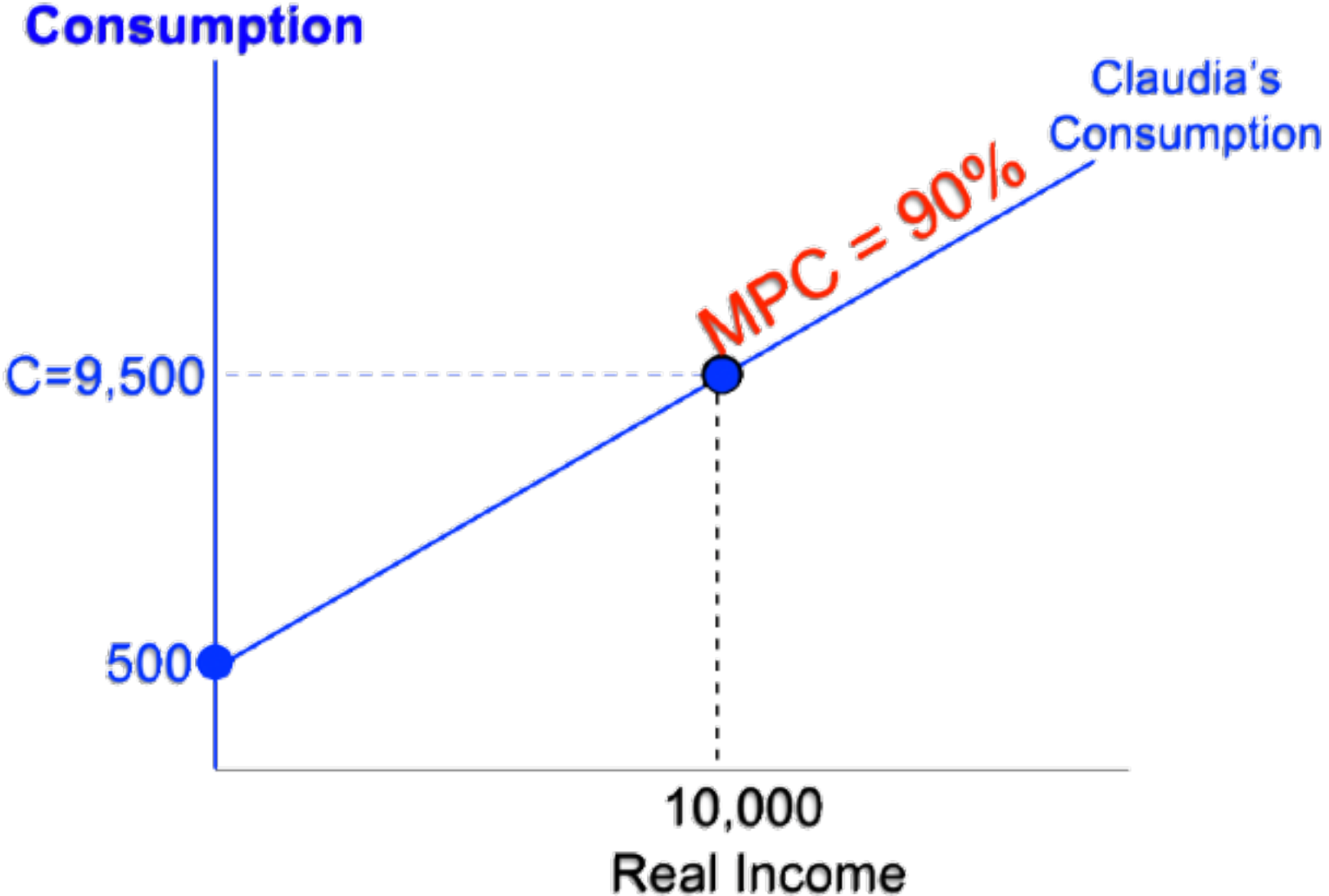
$$C = 500 + 9{,}000$$

$$C = 9{,}500$$

Claudia's income is $10,000/month autonomous consumption = $500

and her MPC = 90%

As a result of the pandemic Claudia teches only one class. She now earns **$2,000**. How will her Consumption change?


Consumption
Claudia's Consumption
MPC = 90%
C=9,500
500
10,000
Real Income

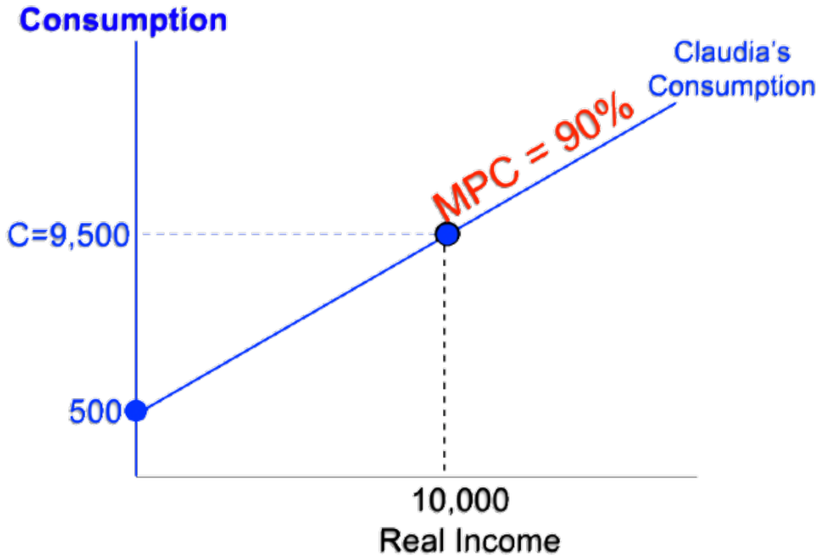
C = a + MPCY

Claudia's income is $10,000/month autonomous consumption = $500
and her MPC = 90%

C = 500 + 0.9(10,000)

C = 500 + 9,000

C = 9,500



As a result of the pandemic Claudia teches only one class.
She now earns **$2,000**. How will her Consumption change?

$$C = a + MPCY$$

Claudia's old consumption

$C = 500 + 0.9(10{,}000)$

$C = 500 + 9{,}000$

$C = 9{,}500$