



-intercept

intercept



If $MPC = 0.9$ Consumers spend 90% of
extra income

$$C = \text{intercept} + \text{MPC}Y$$

$$S = -\text{intercept} + \text{MPS} Y$$

$$\text{MPC} + \text{MPS} = 1$$



and **save 10%** of extra income

If $MPC = 0.8$ Consumers spend 80% of
extra income

and **save 20%** of extra income

$$C = \text{intercept} + 0.9Y$$

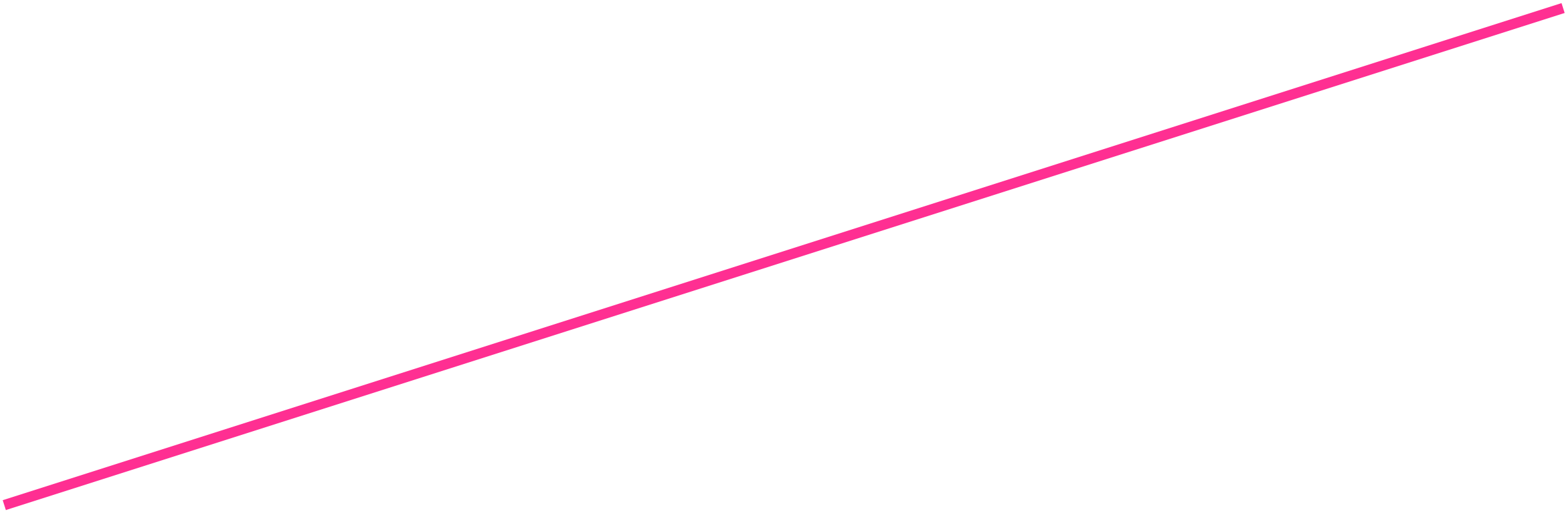
$$S = -\text{intercept} + 0.1Y$$

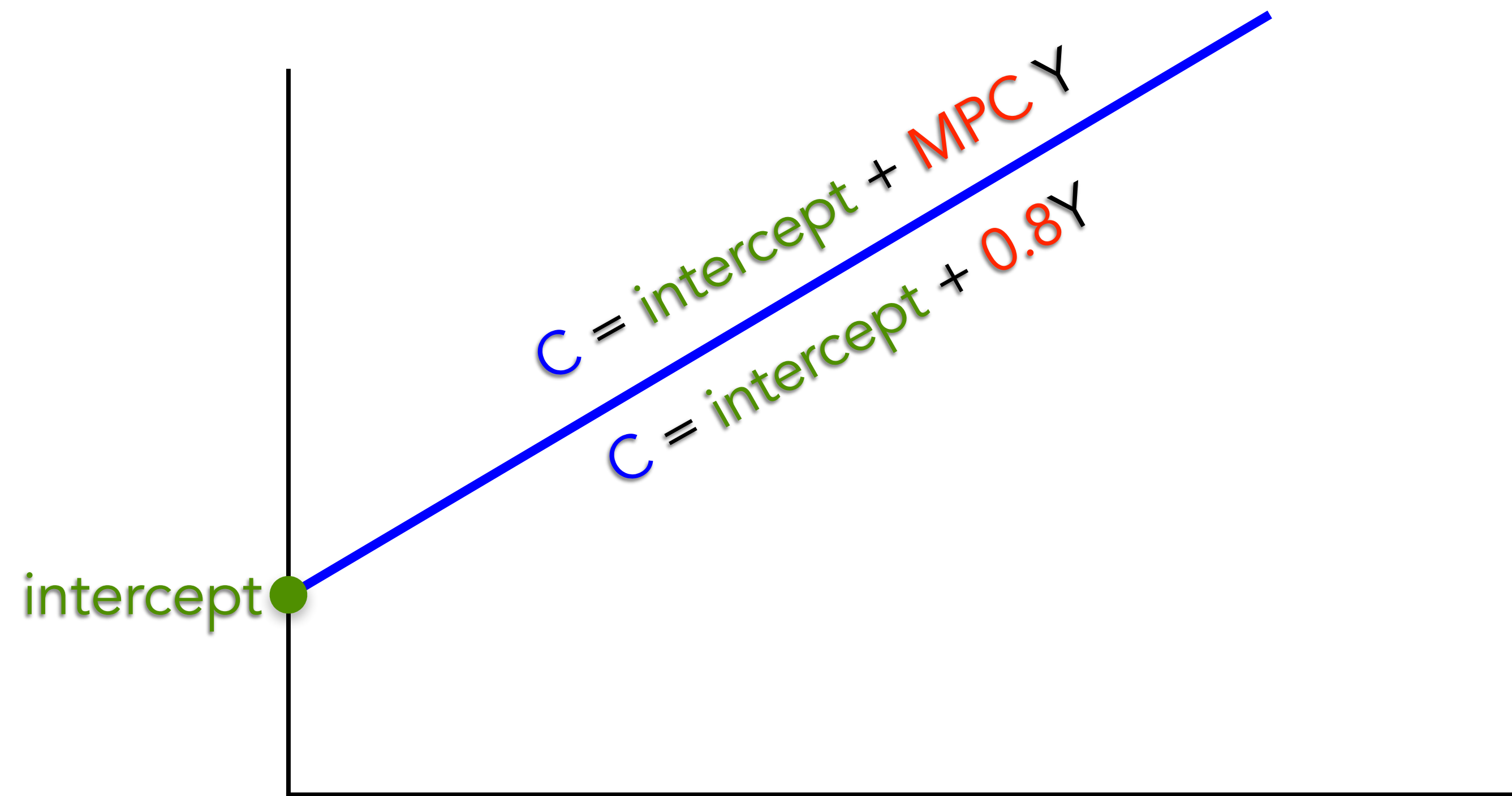
$$S = -\text{intercept} + 0.2Y$$

$$C = \text{intercept} + 0.8Y$$

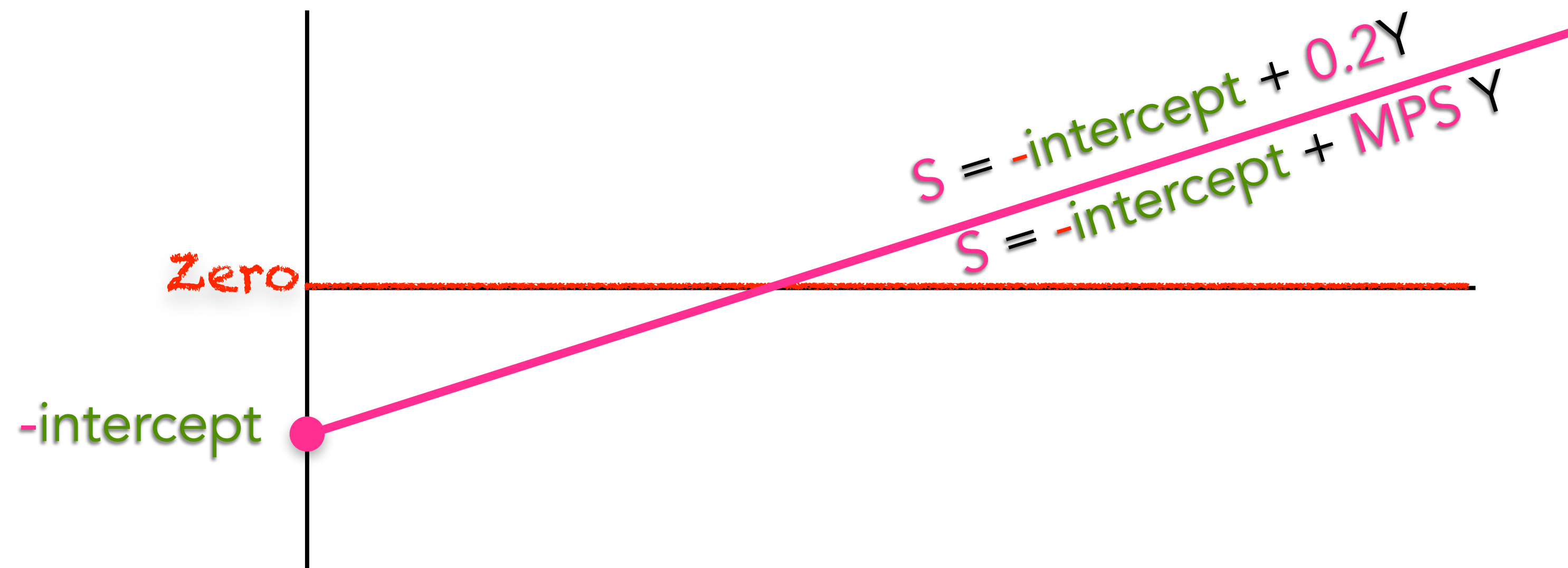
Zero







$$\text{MPC} + \text{MPS} = 1$$



Change in Income: Move along

