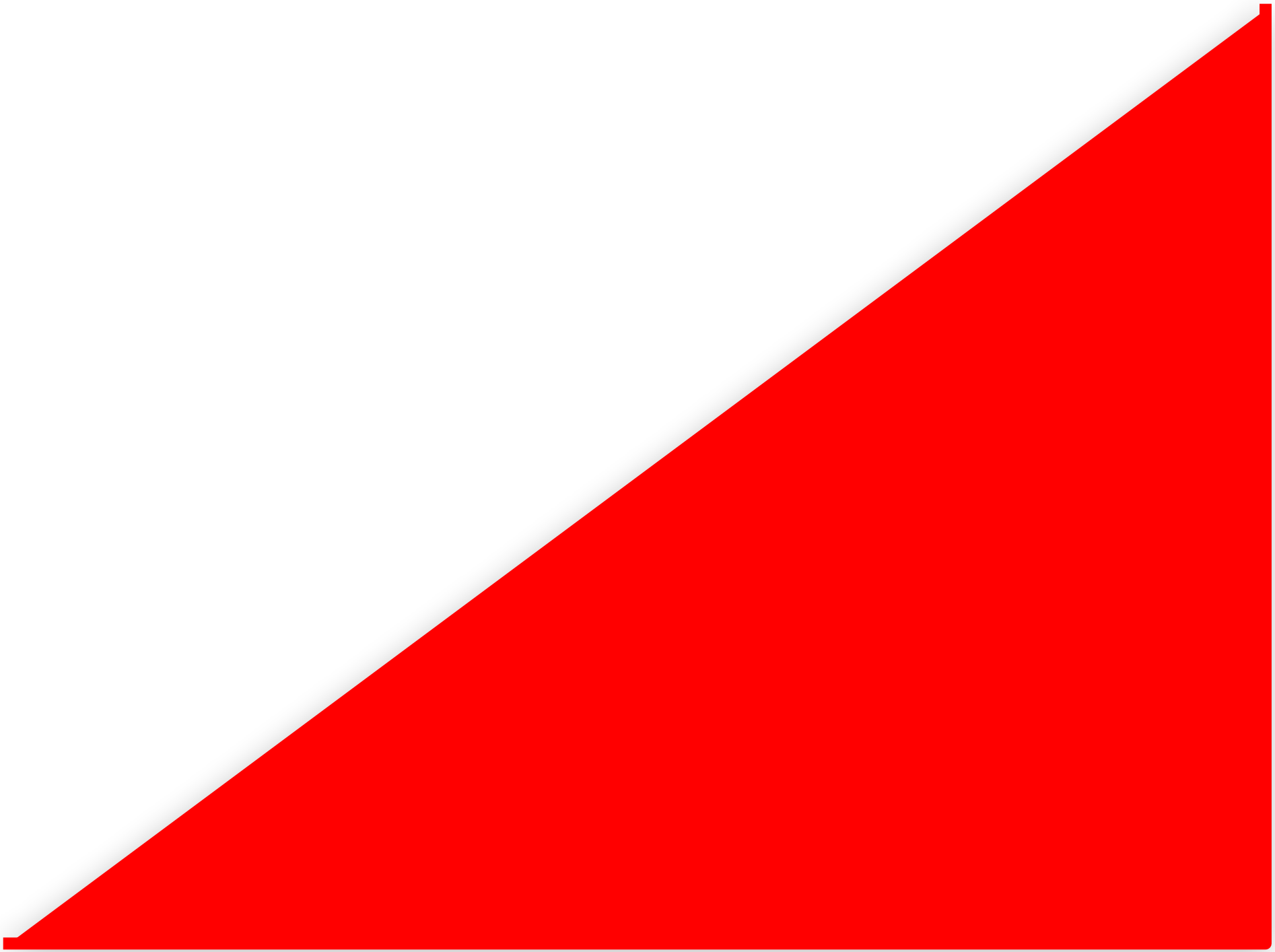

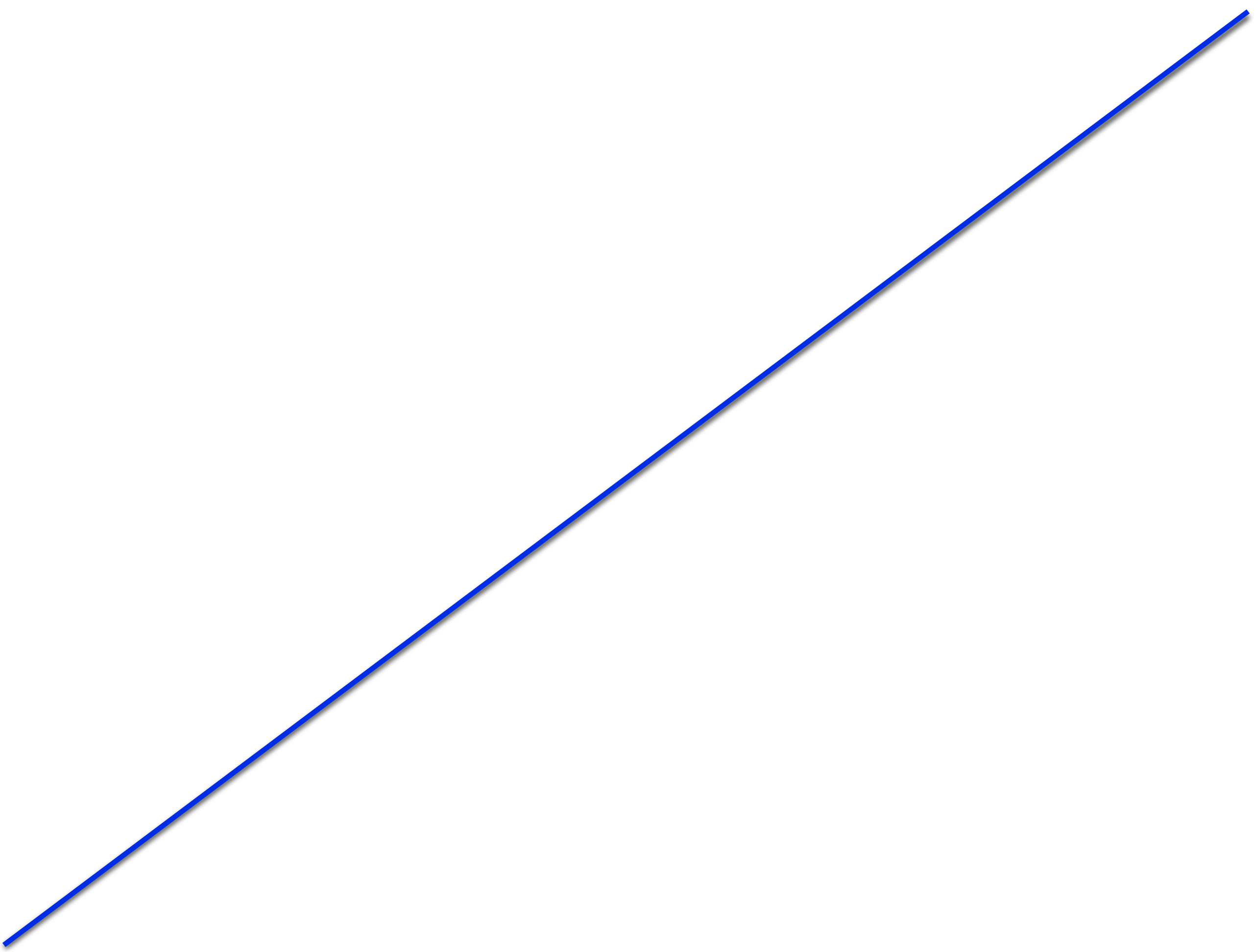

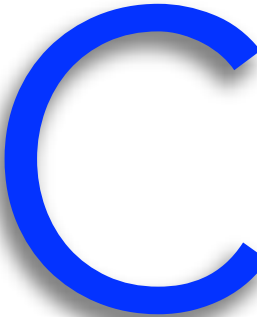

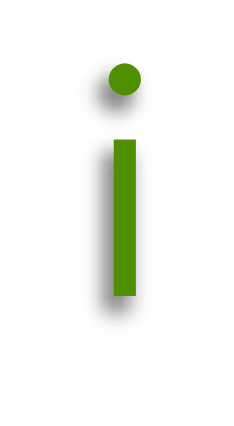

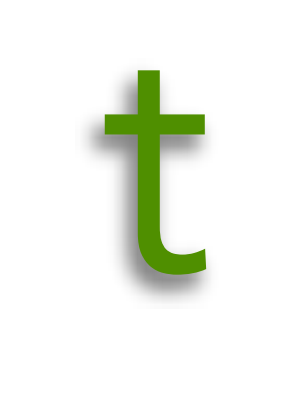

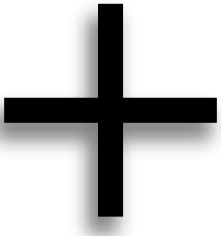

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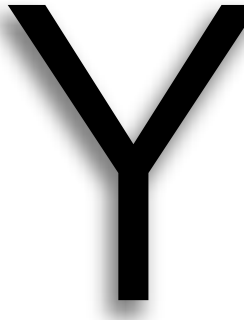


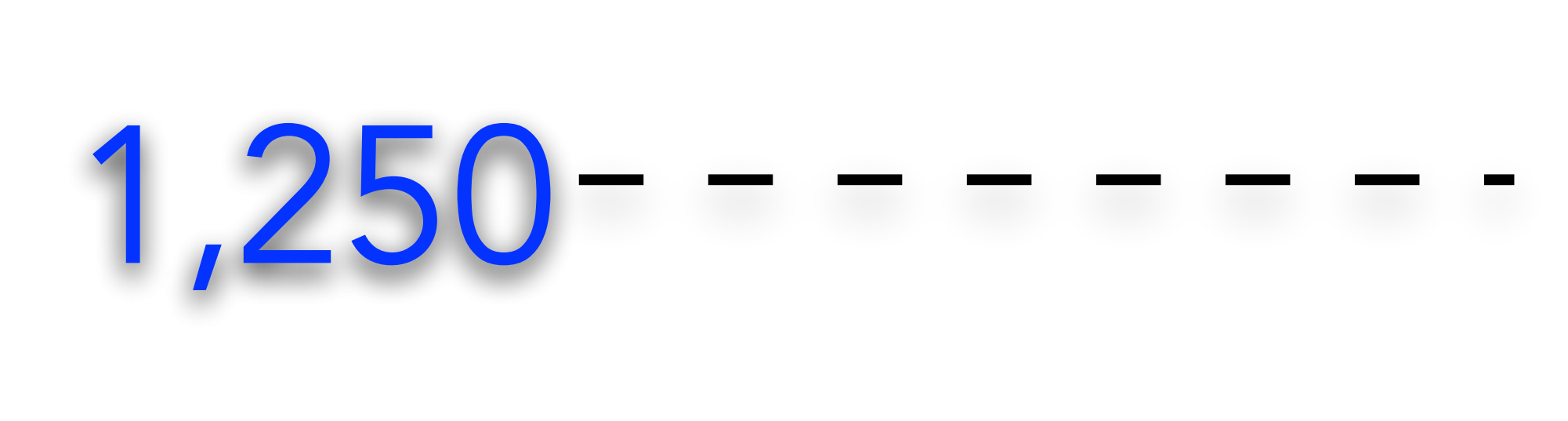
Real Income Billions

Consumption Billions

5,000 - - -

3,500

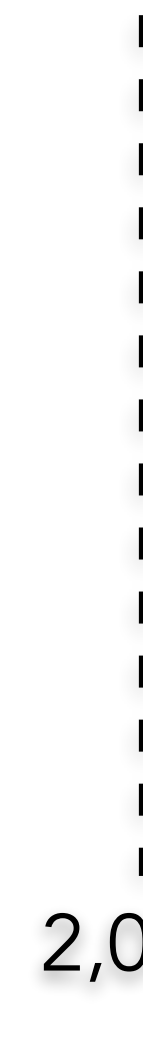
2,000

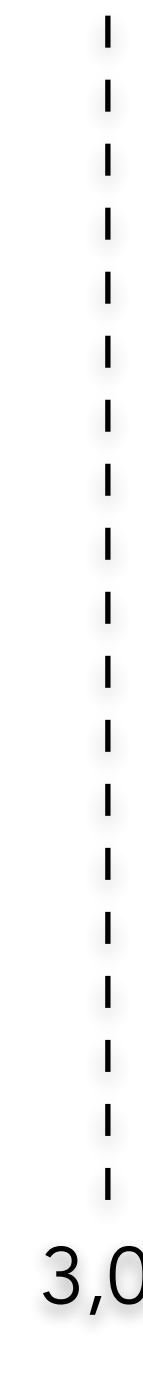

1,250

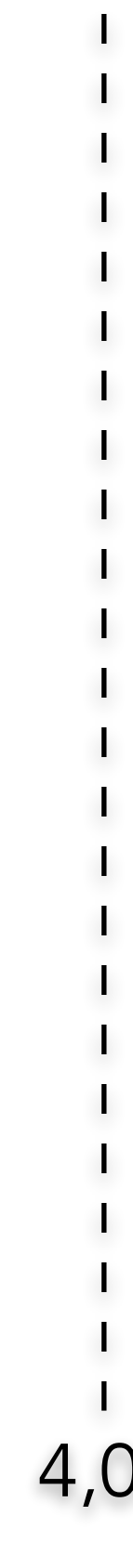
4,250

2,750

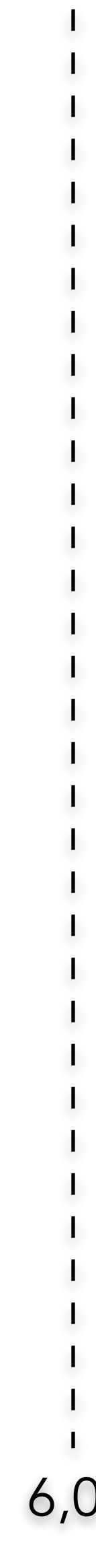
1,000

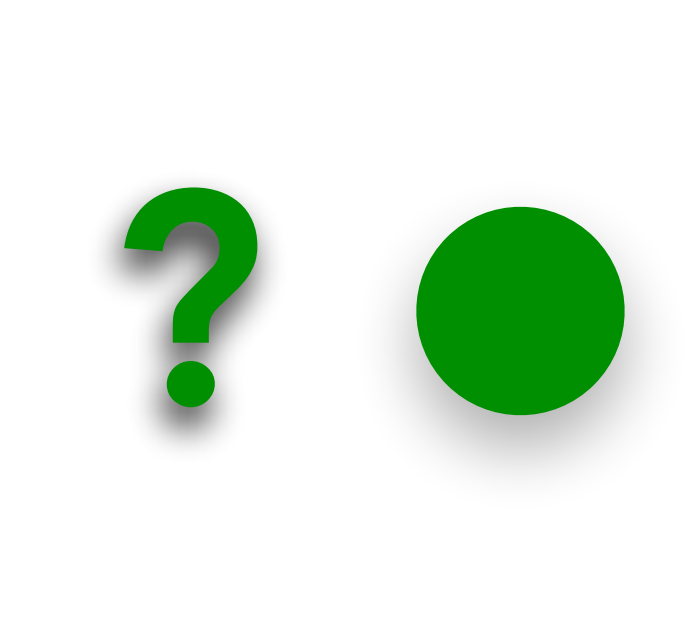

2,000


3,000

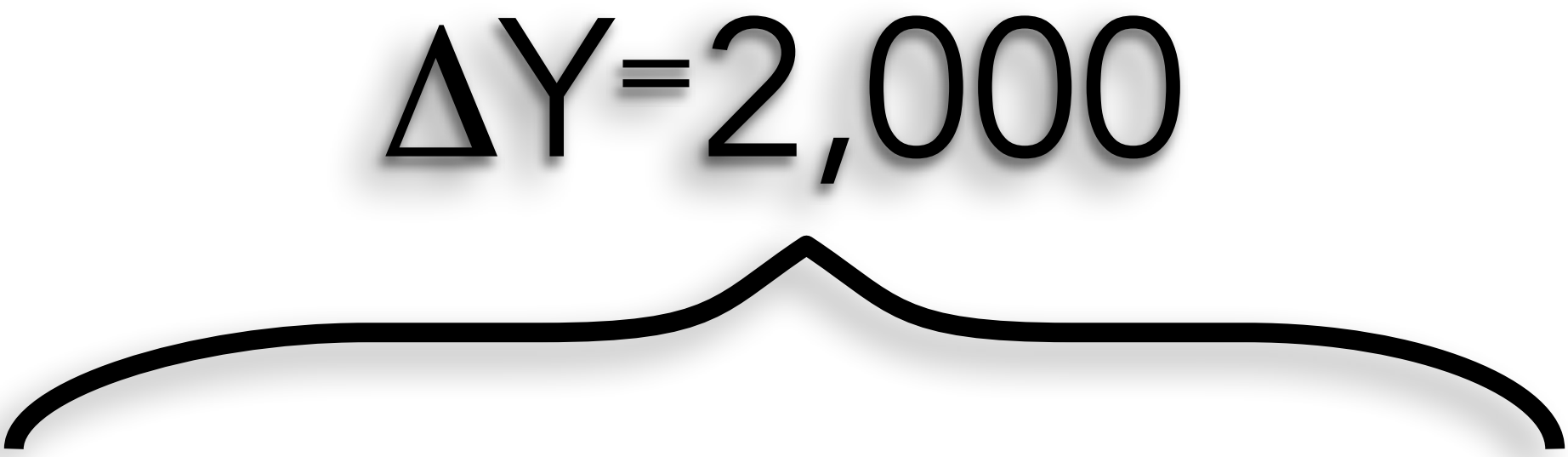

4,000

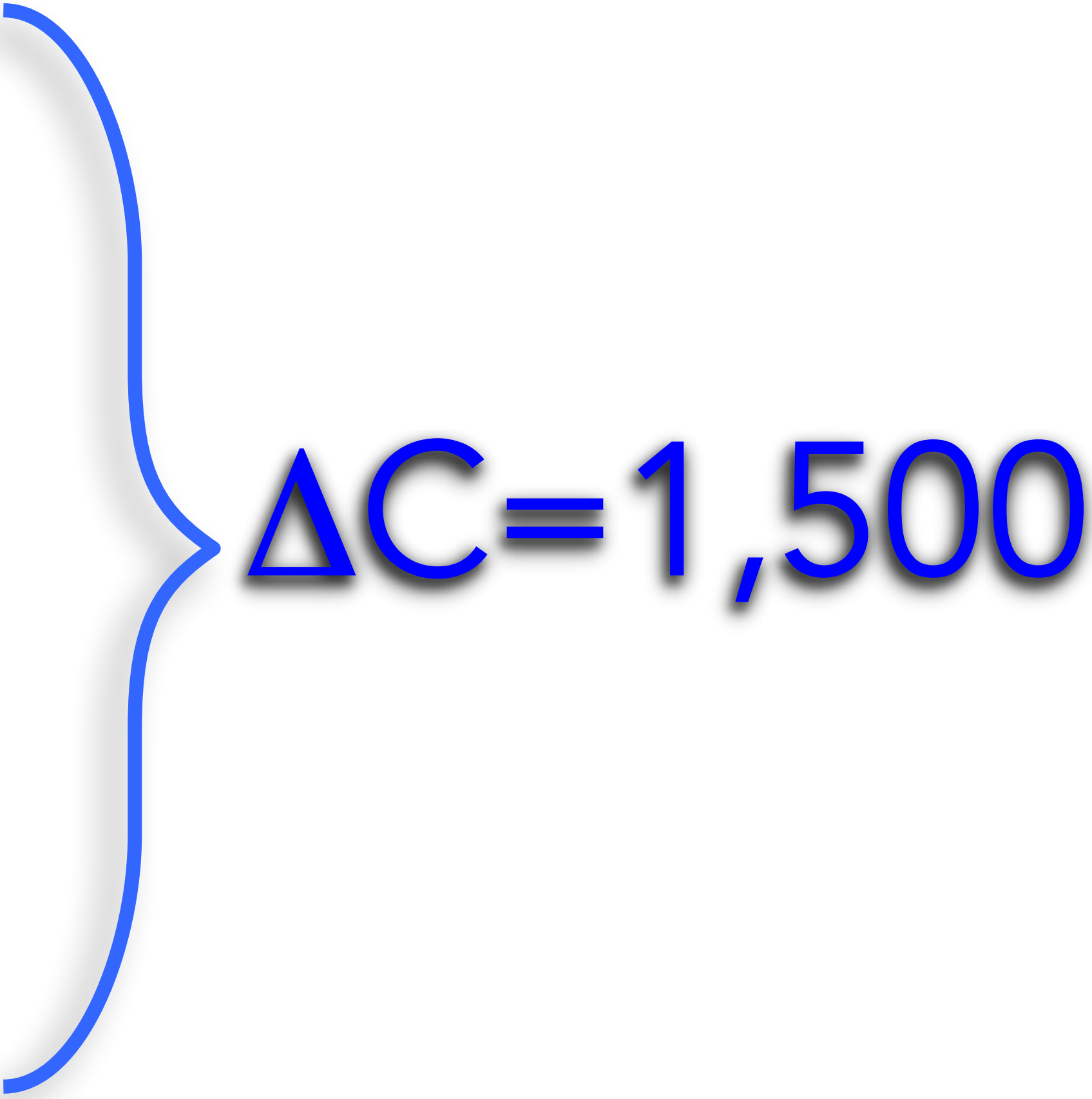
5,000


6,000



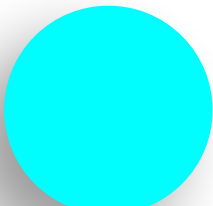
The Intercept

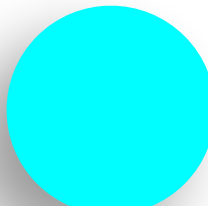

ΔY=2,000

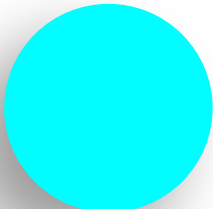

ΔC=1,500

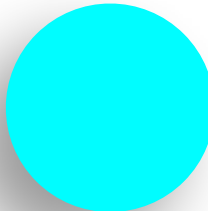
$$MPC = \frac{\Delta C}{\Delta Y}$$

MPC=1,500/2,000









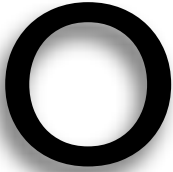
MPC = 0.75

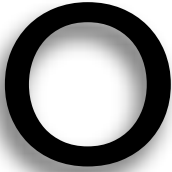
When income increase by 2,000

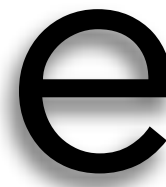
Consumption increase by 1,500

Calculating the slope

MPC

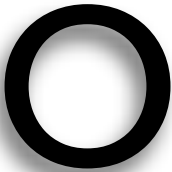


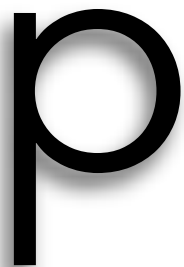


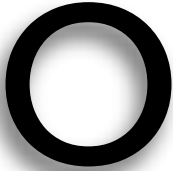


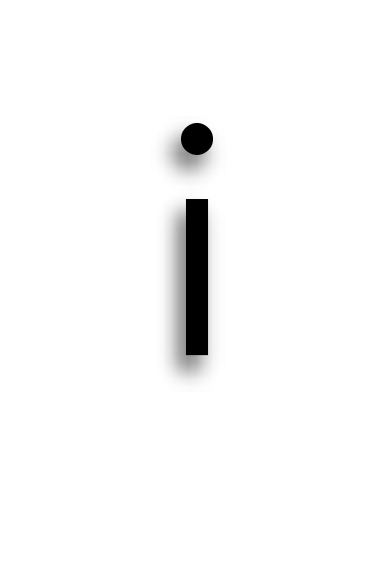
a

W

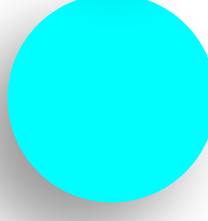




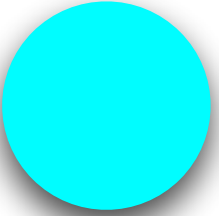




1



2

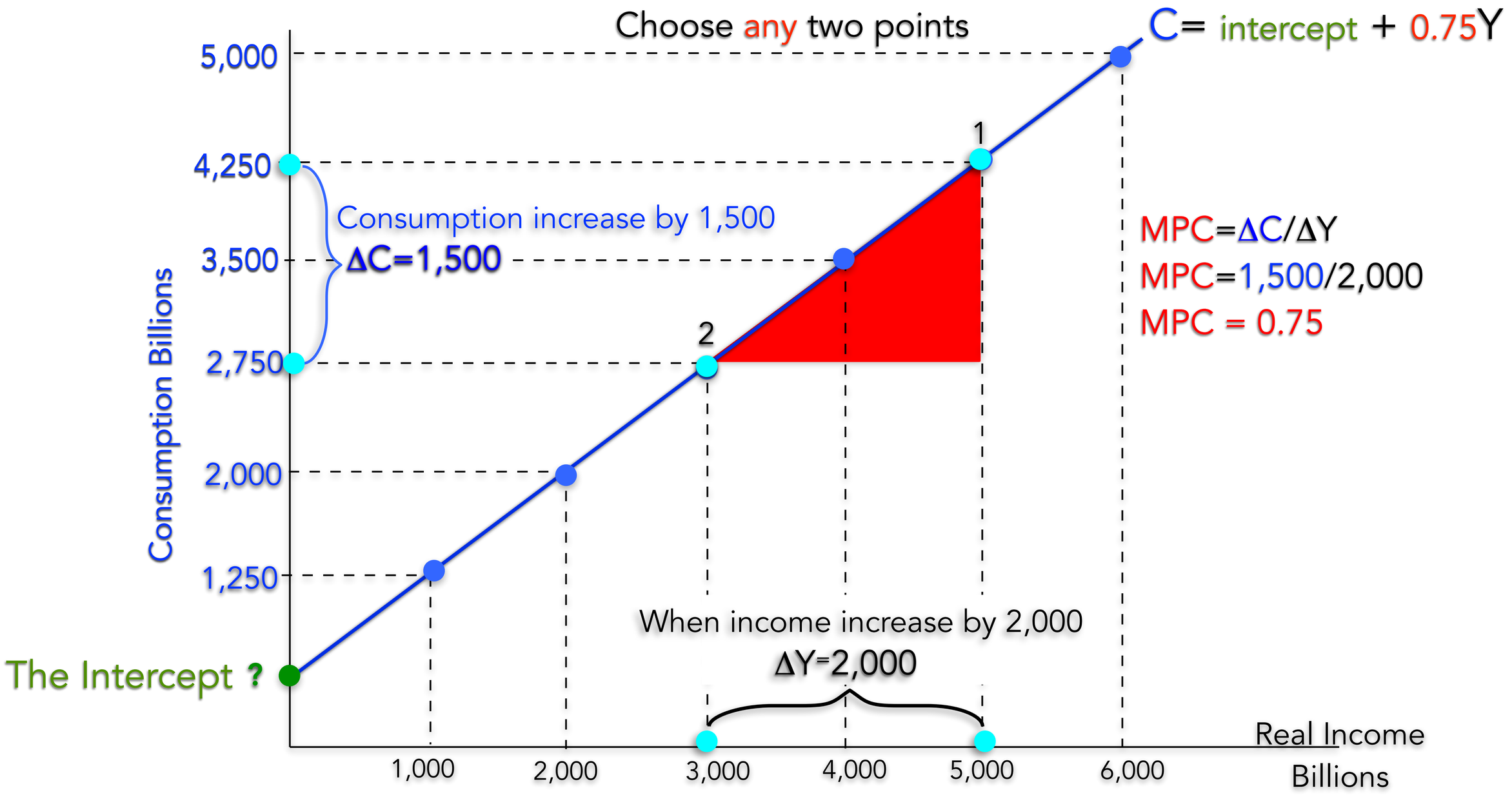


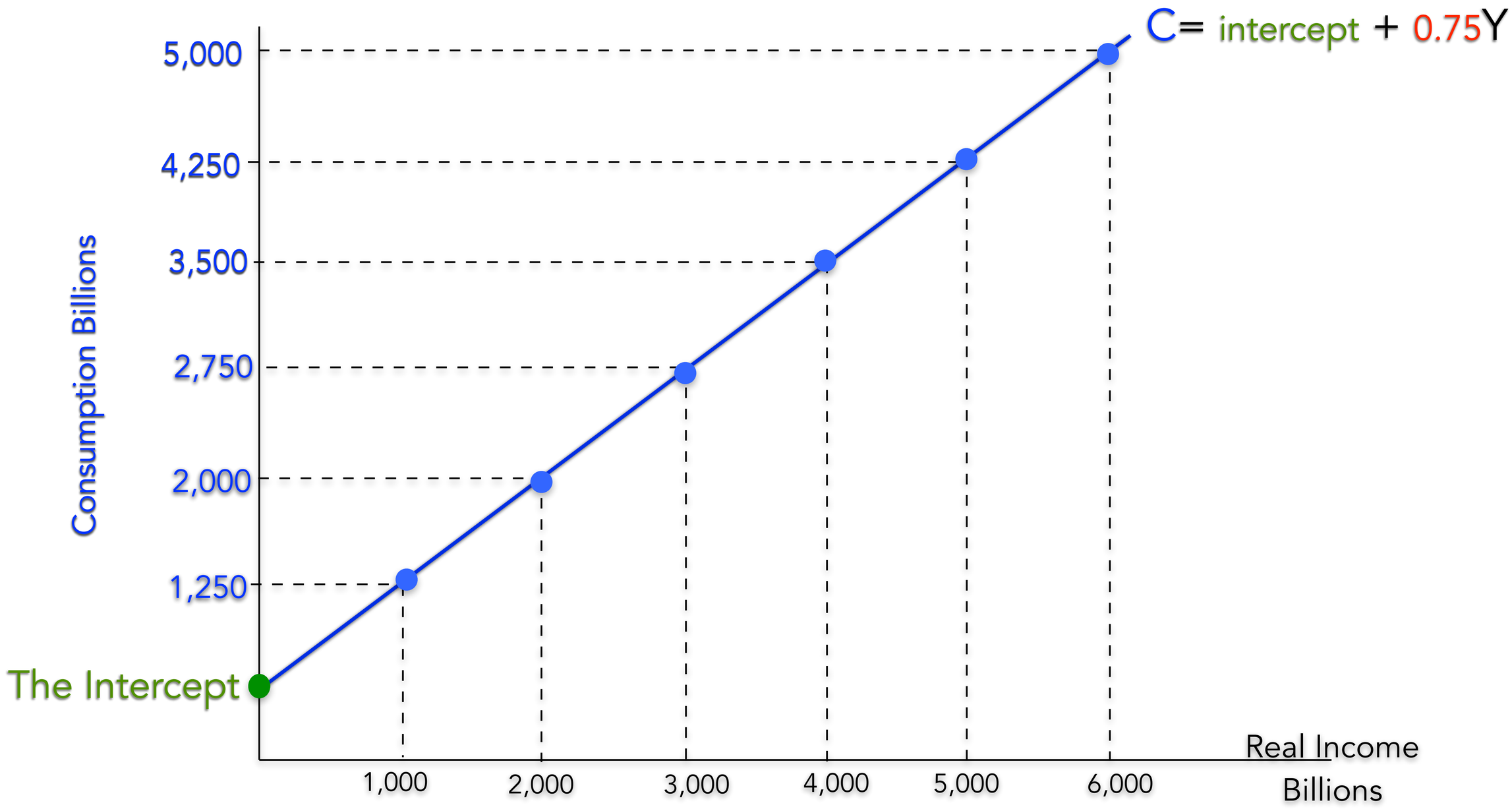
$$C = \text{intercept} + 0.75Y$$

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

Choose any two points

Calculating the slope MPC




C= intercept + 0.75Y
5,000
4,250
3,500
2,750
2,000
1,250
Consumption Billions
The Intercept
1,000
2,000
3,000
4,000
5,000
6,000
Real Income
Billions