



-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



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

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

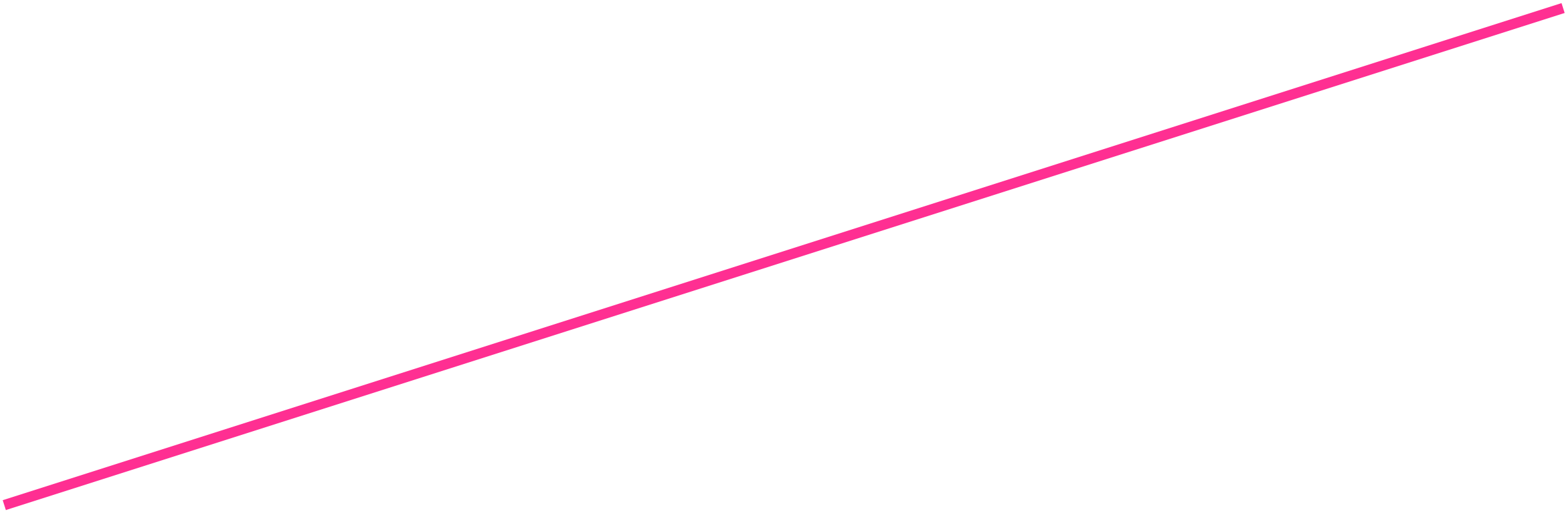
$$S = -\text{intercept} + 0.2Y$$

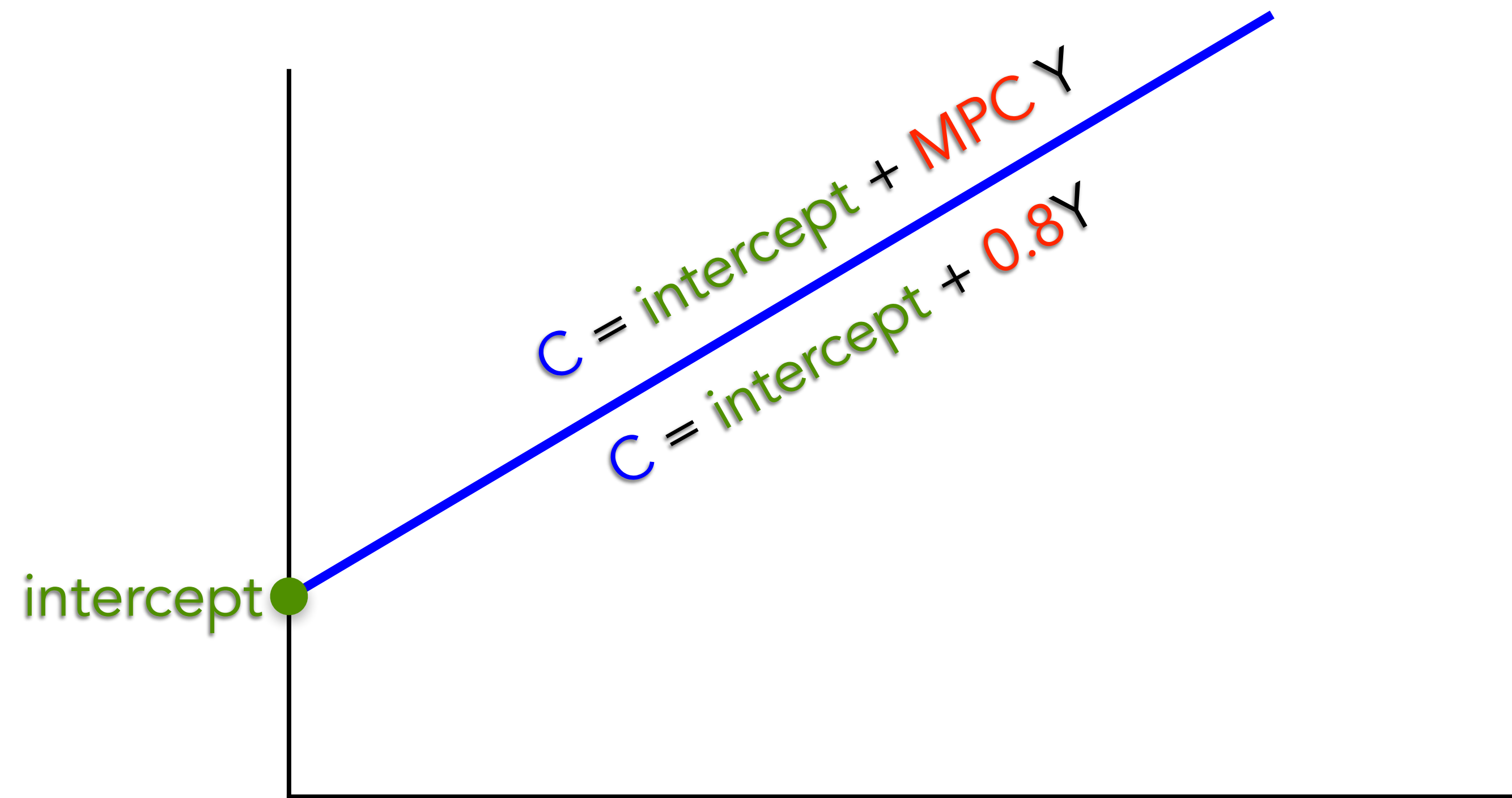
$$C = \text{intercept} + 0.8Y$$



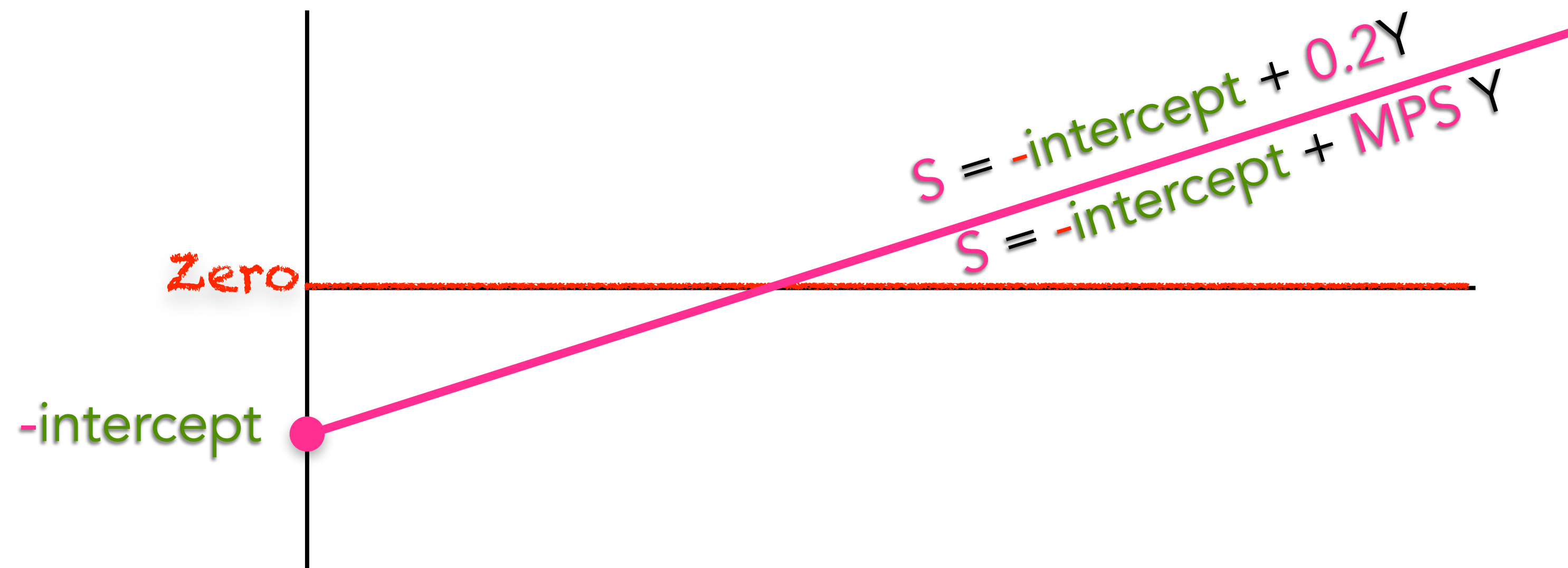
Zero







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





Change in Income: Move along

