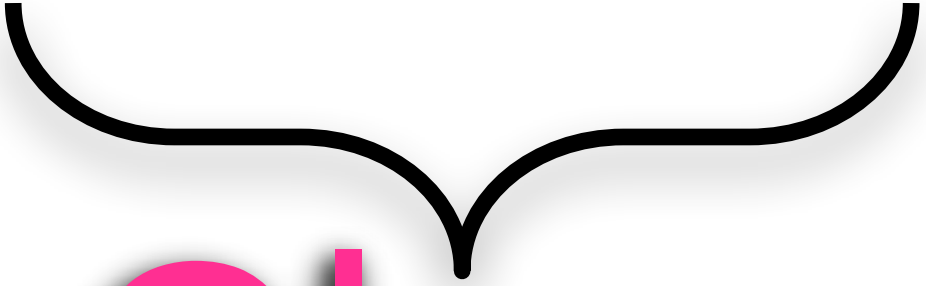


Slope

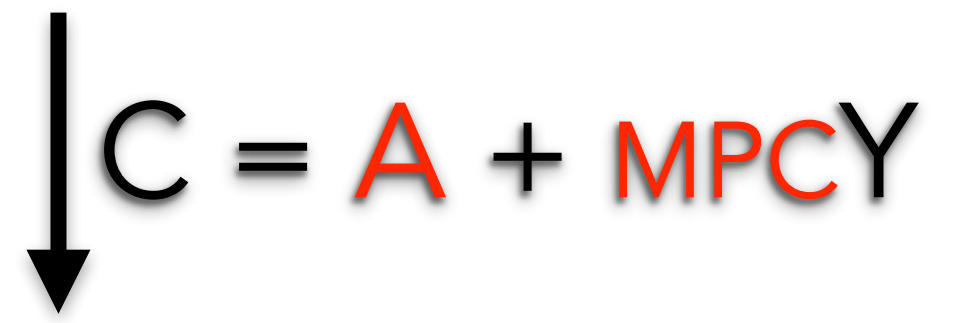
$$Y - Tx + Tr = C + S$$

Disposable Income is used for Consumption and **Saving**

With Government

$$Y - C - Tx + Tr = S$$

$$Y - (A + MPCY) - Tx + Tr = S$$


C = A + MPCY

$$Y - A - MPCY - Tx + Tr = S$$

$$-A + Y - MPCY - Tx + Tr = S$$

$$-A + (1-MPC)Y - Tx + Tr = S$$

$$-A - Tx + Tr + (1-MPC)Y = S$$

$$S = -A - Tx + Tr + (1 - MPC)Y$$

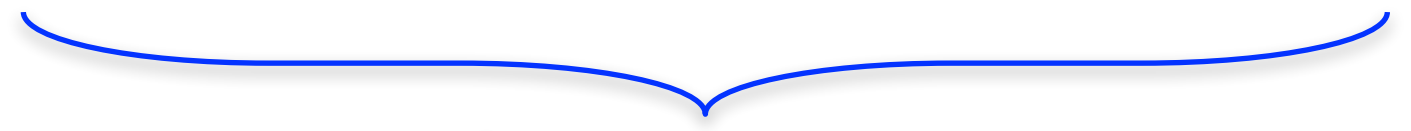

A = a - MPCTx + MPCTr

$$S = -(a - MPCTx + MPCTr) - Tx + Tr + (1 - MPC)Y$$

$$S = -a + MPCTx - MPCTr - Tx + Tr + (1 - MPC)Y$$

$$S = -a + MPCTx - Tx - MPCTr + Tr + (1 - MPC)Y$$

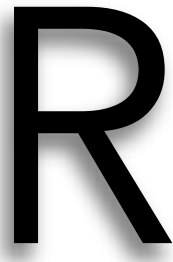
$$S = -a - (1 - MPC)Tx + (1 - MPC)Tr + (1 - MPC)Y$$

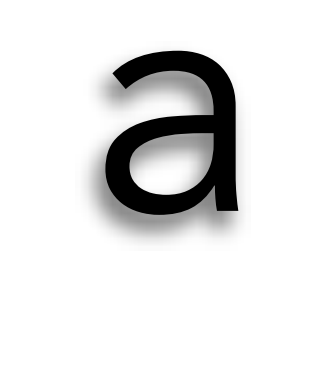

Intercept

1-MPC


= MPS

S= - a -MPSTx +MPSTr +MPSY

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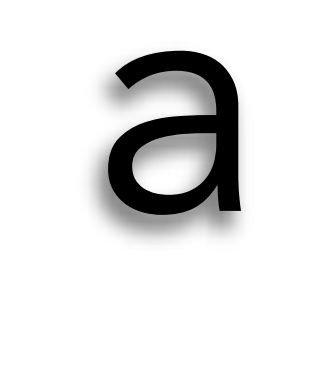
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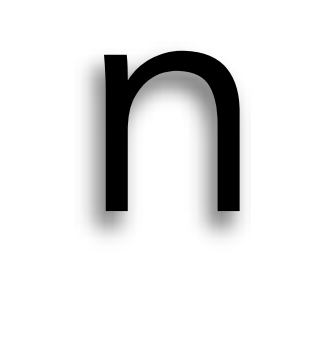
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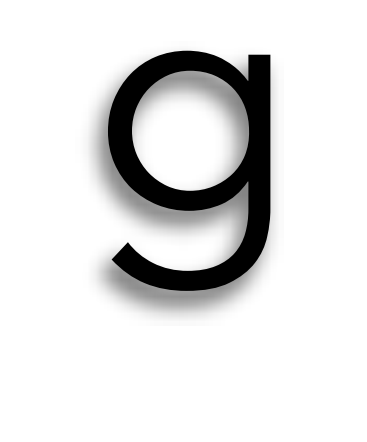

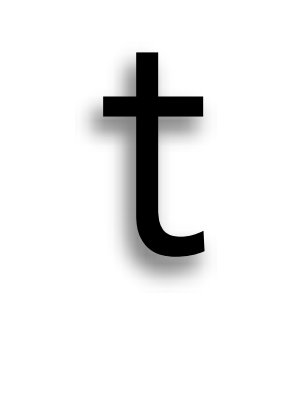

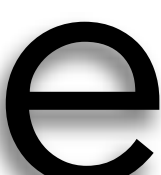

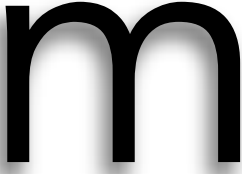
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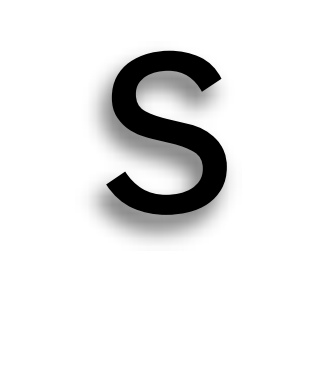
S

Disposable Income

Rearrange terms:

With Government

$$\underbrace{Y - Tx + Tr}_{\text{Disposable Income}} = C + S$$

Rearrange terms:

$$Y - C - Tx + Tr = S$$

$$C = A + MPCY$$

$$Y - (A + MPCY) - Tx + Tr = S$$

$$Y - A - MPCY - Tx + Tr = S$$

$$-A + Y - MPCY - Tx + Tr = S$$

$$-A + (1-MPC)Y - Tx + Tr = S$$

$$-A - Tx + Tr + (1-MPC)Y = S$$

$$S = -A - Tx + Tr + (1 - MPC)Y$$

$$A = a - MPCTx + MPCTr$$

$$S = -(a - MPCTx + MPCTr) - Tx + Tr + (1 - MPC)Y$$

$$S = -a + MPCTx - MPCTr - Tx + Tr + (1 - MPC)Y$$

$$S = -a + MPCTx - Tx - MPCTr + Tr + (1 - MPC)Y$$

$$S = -a - (1 - MPC)Tx + (1 - MPC)Tr + (1 - MPC)Y$$

$$1 - MPC = MPS$$

$$S = \underbrace{-a - MPSTx + MPSTr}_{\text{Intercept}} + \underbrace{MPSY}_{\text{Slope}}$$

With Government