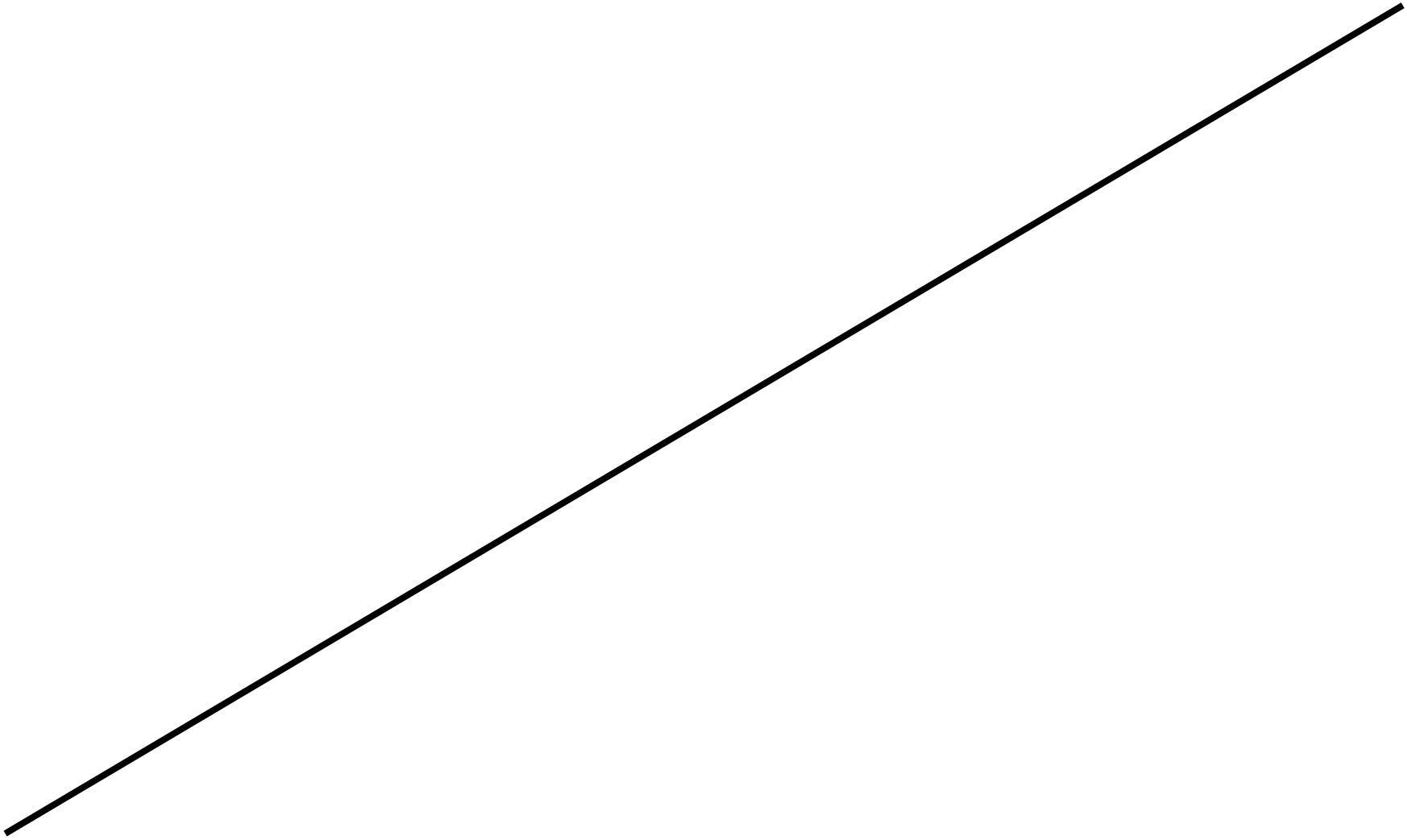
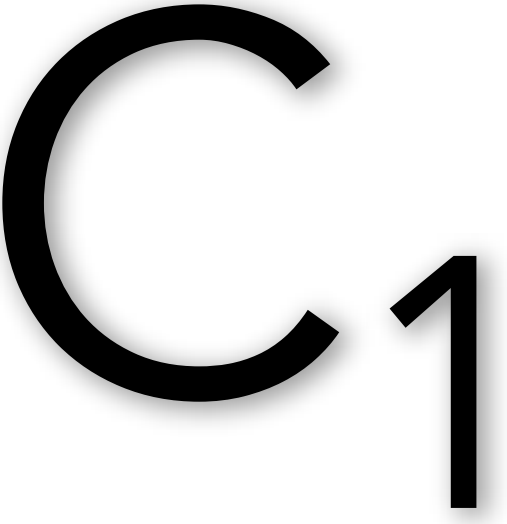



Y0



Y

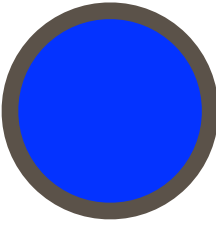
National Income :

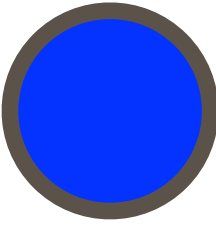
Wages

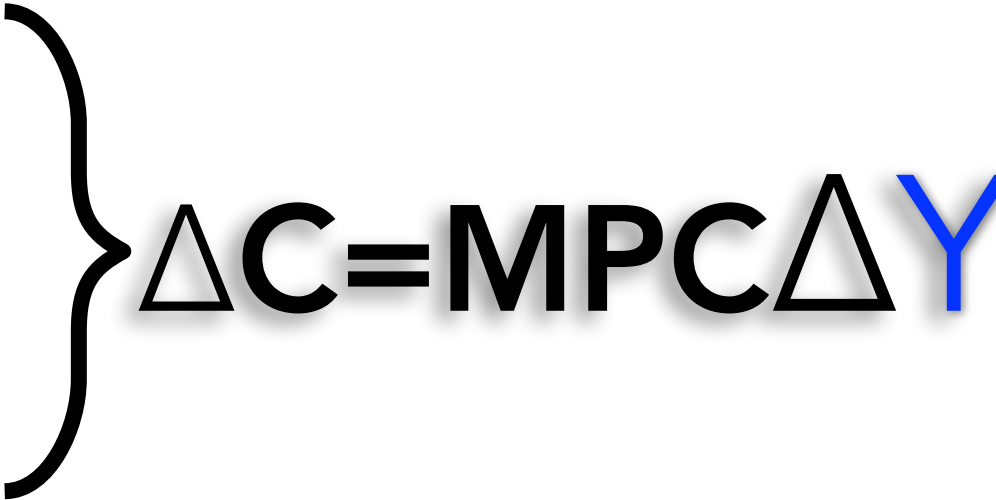
Profits

Interest

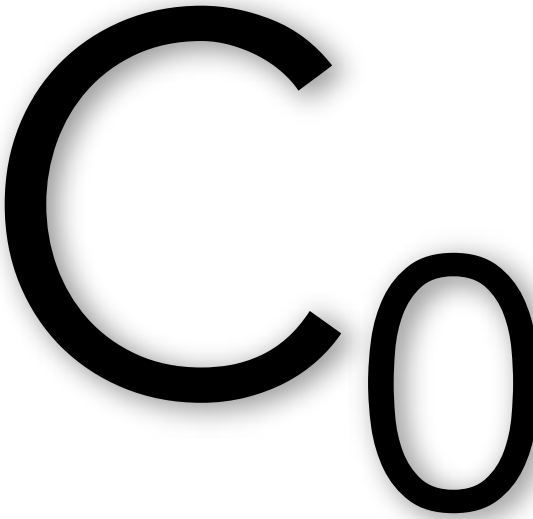
Rents






ΔC=MPCΔY


Y
1

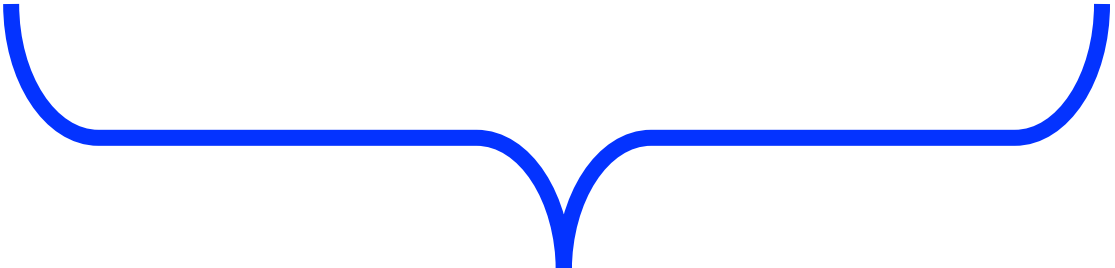


$$C = a + MPC(Y + Tr - Tx)$$

New Intercept: A

C shifts with a change in Transfers or Taxes

Increase in National Income Y



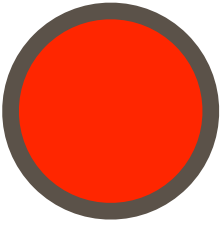
$$C = a + MPC(Tr - Tx) + MPCY$$

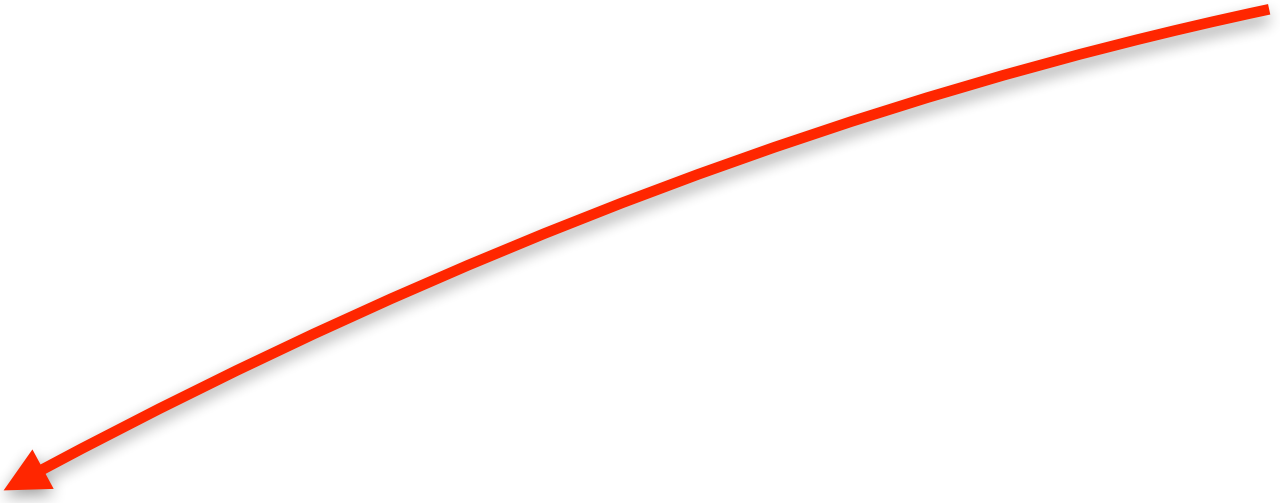
Consumption changes with National Income

Y

$$C = A + MPC*Y$$

$$a + MPC(Tr - Tx)$$





$$C = a + MPC * Y^d$$

Consumption changes with Disposable Income

Y^d

Consumption changes with National Income

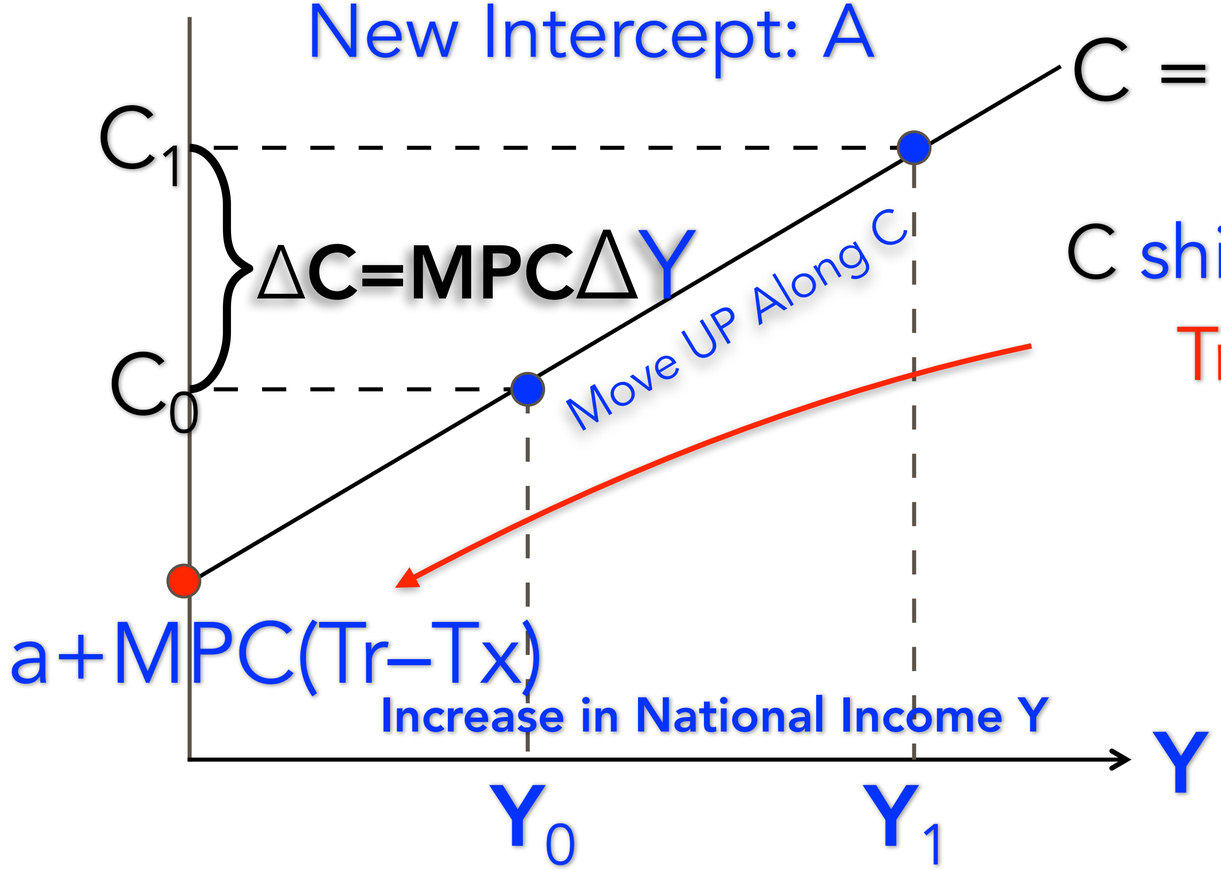
$C = a + MPC * Y^d$ $\quad Y$

$C = a + MPC(Y + Tr - Tx)$

$C = a + MPC(Tr - Tx) + MPCY$

New Intercept: A

$C = A + MPC * Y$



C shifts with a change in

Transfers or Taxes

Demand-Side Equilibrium: Unemployment or Inflation?

9

Chapter Introduction

9-1 The Meaning of Equilibrium GDP

9-2 The Mechanics of Income Determination

9-3 The Aggregate Demand Curve

9-4 Demand-Side Equilibrium and Full Employment

9-5 The Coordination of Saving and Investment