

$$\text{NewC} = a + \text{MPC}(Y - T_x + T_r)$$

$$\text{New C} = a + \text{MPC}_Y - \text{MPC}_T x + \text{MPC}_r$$

$$NewC = a - MPC_x + MPC_r + MPC_y$$



New
Intercept

$$A = a - \text{NMPCT} \times + \text{NMPCTr}$$



Same Slope

With Government:

R

e

a





a

n

g



e

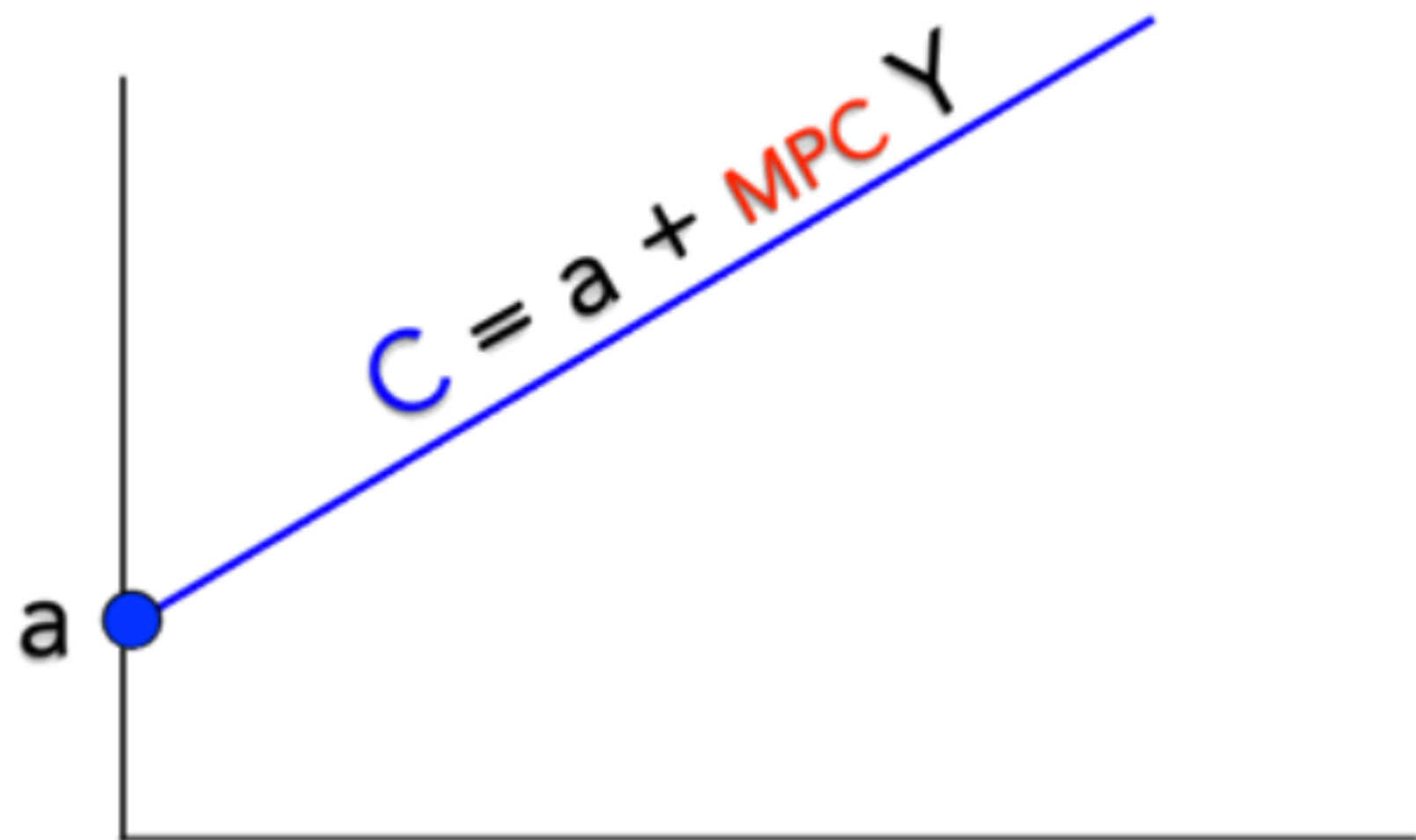


m

S

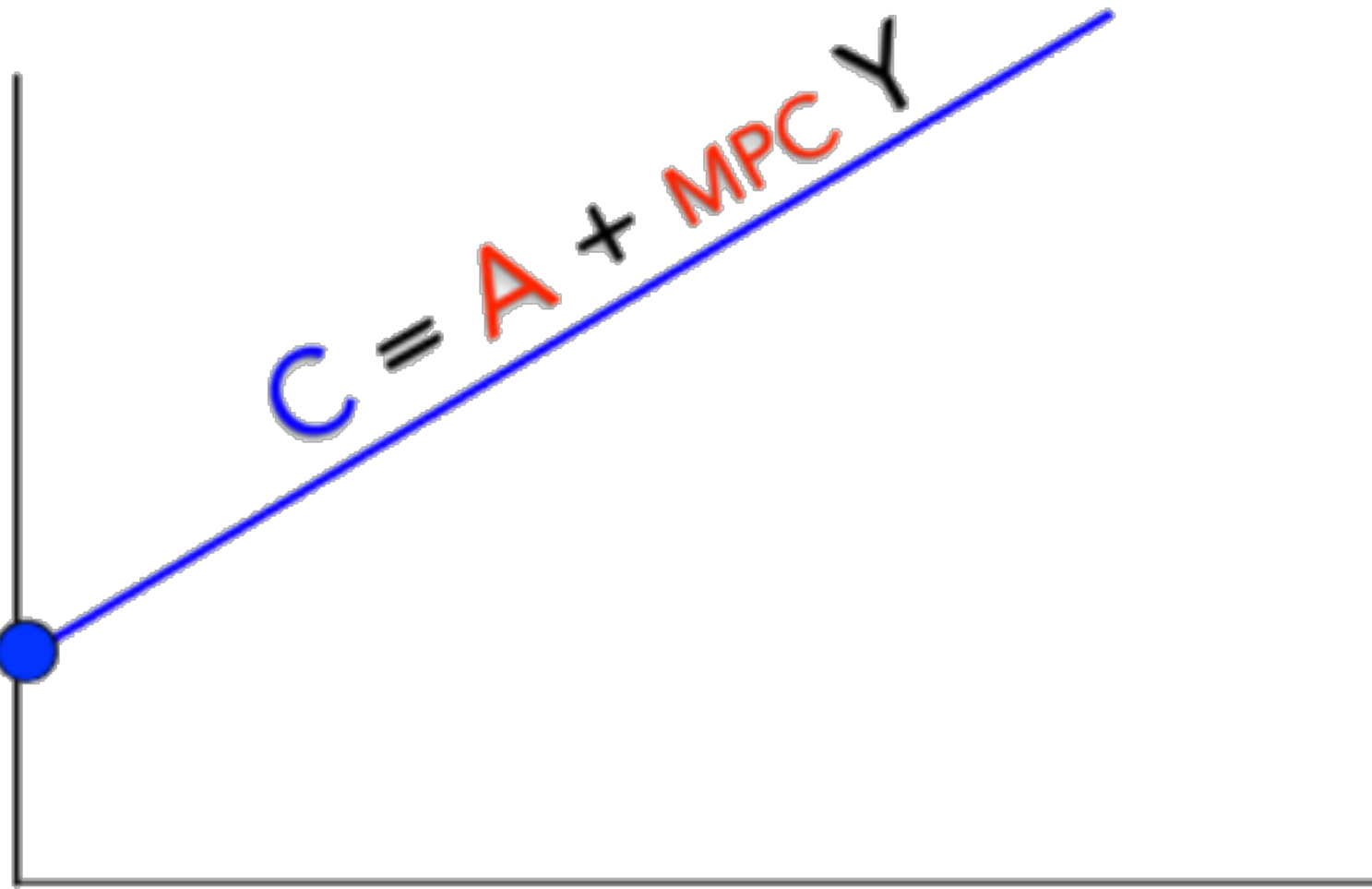


Without Government



With Government

$$A = a - MPC T_x + MPC T_r$$


$$C = A + MPC Y$$

Rearrange terms:

With Government:

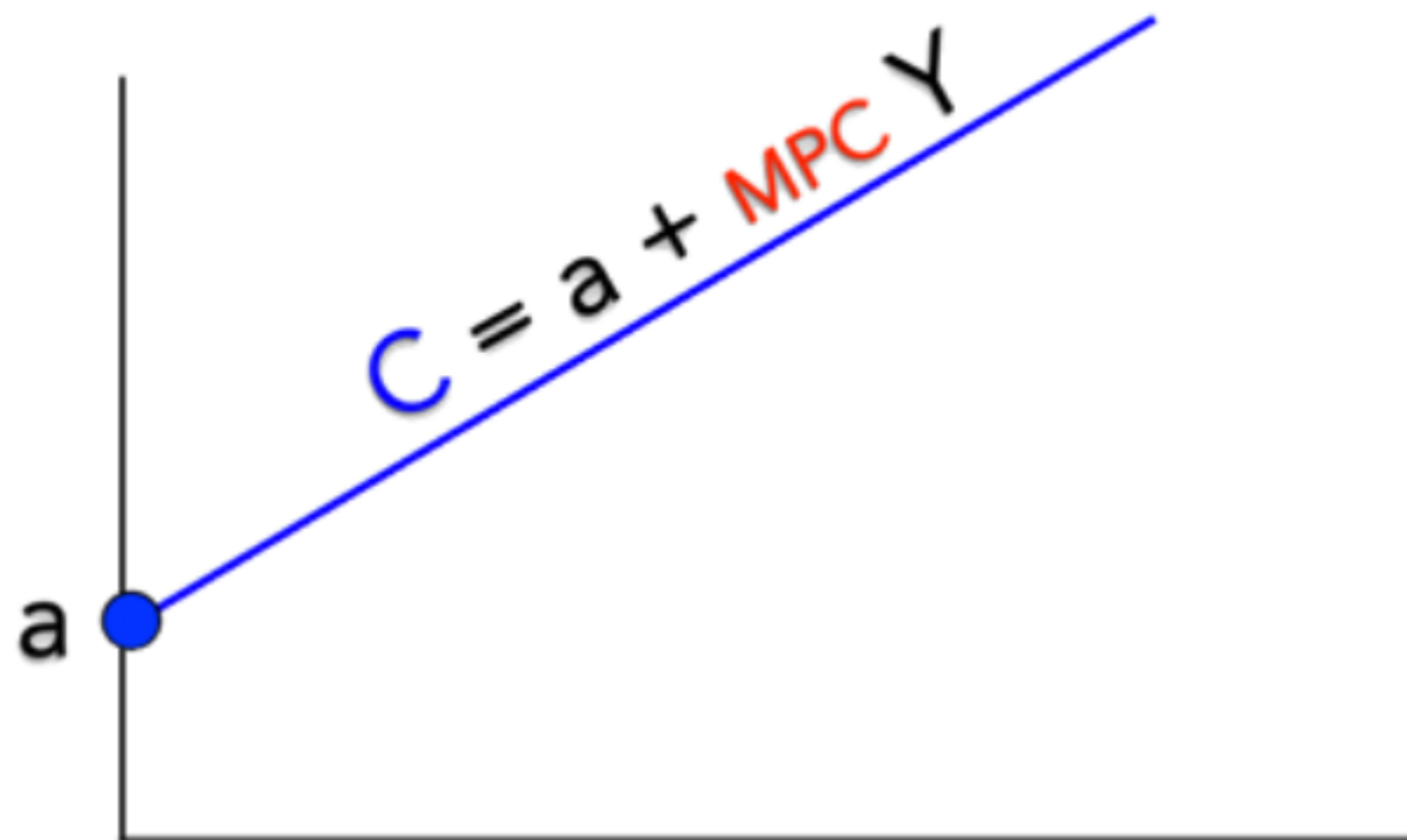
$$\text{New } C = a + \text{MPC}(Y - T_x + T_r)$$

$$\text{New } C = a + \text{MPC}Y - \text{MPC}T_x + \text{MPC}T_r$$

Rearrange terms: $\text{New } C = a - \underbrace{\text{MPC}T_x + \text{MPC}T_r}_{\text{New Intercept}} + \underbrace{\text{MPC}Y}_{\text{Same Slope}}$

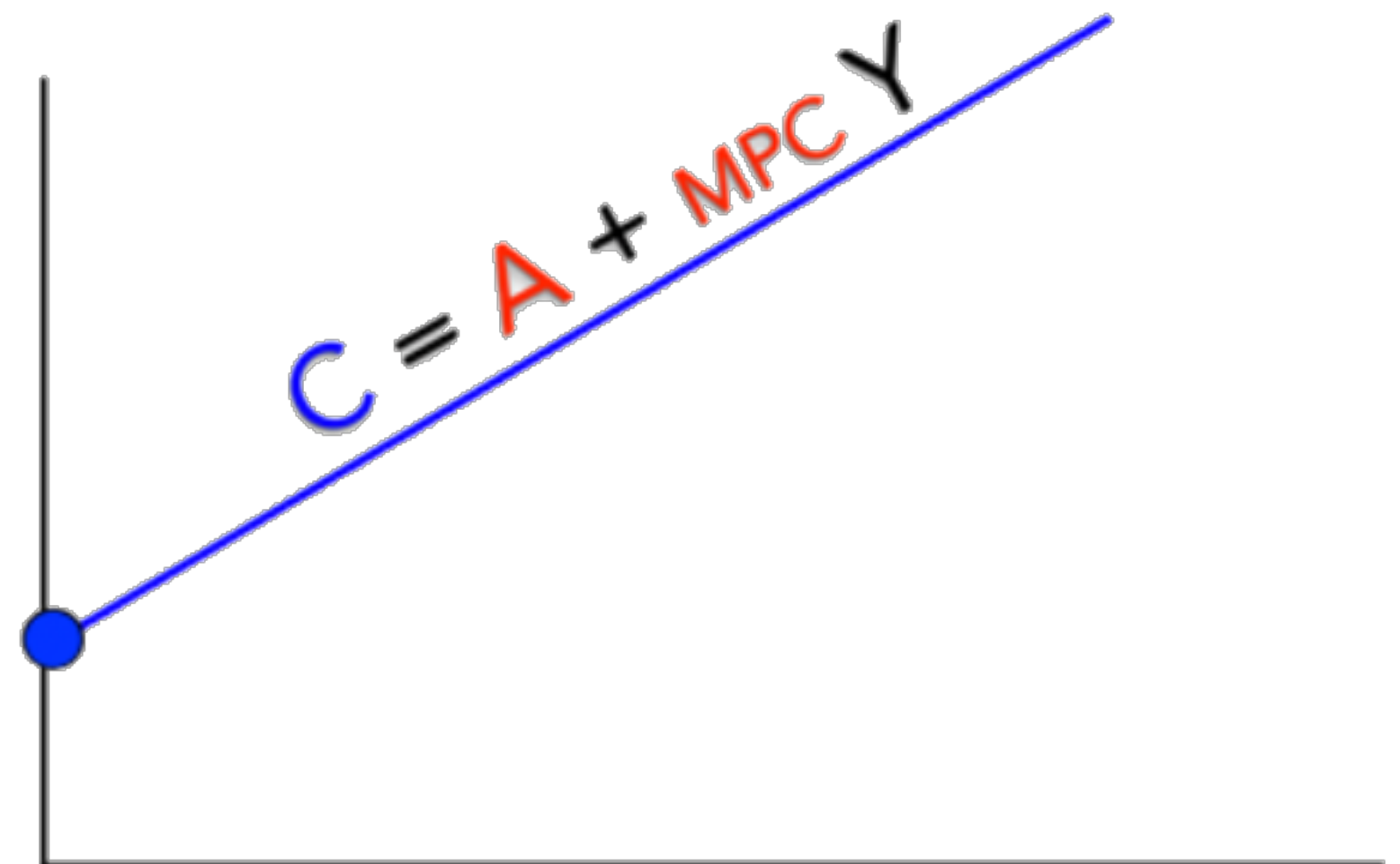
$$A = a - \text{MPC}T_x + \text{MPC}T_r$$

Without Government



With Government

$$A = a - \text{MPC}T_x + \text{MPC}T_r$$



Without Government

