



12,000

16,000

A

E

O

10,000



REGARD







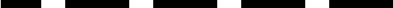
18,000

20,000

14,000









19,000

17,500

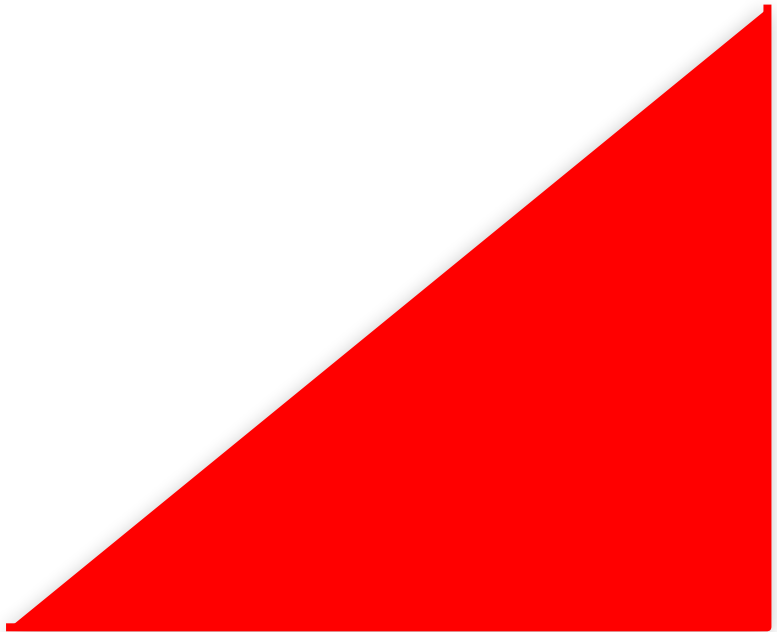
14,500

11,500





13,000



A

E





n



e





e

p





M

P





The Intercept

The slope?

A



MPC

$$\Delta Y = 4000$$




$$\Delta AE = 3000$$

MPC = **ANY**

NPC \equiv **3000/4000**

MPC = 0.75

A

E



A







7

5

Y



AE

=

Y

Y

Choose *any* point







13,000



12,000



3



O

0





A







7

5





2













3







O

1. **Introduction**

2. **Methodology**

A



9











3





O





9











A

4



O

0





A

A

E



4















7

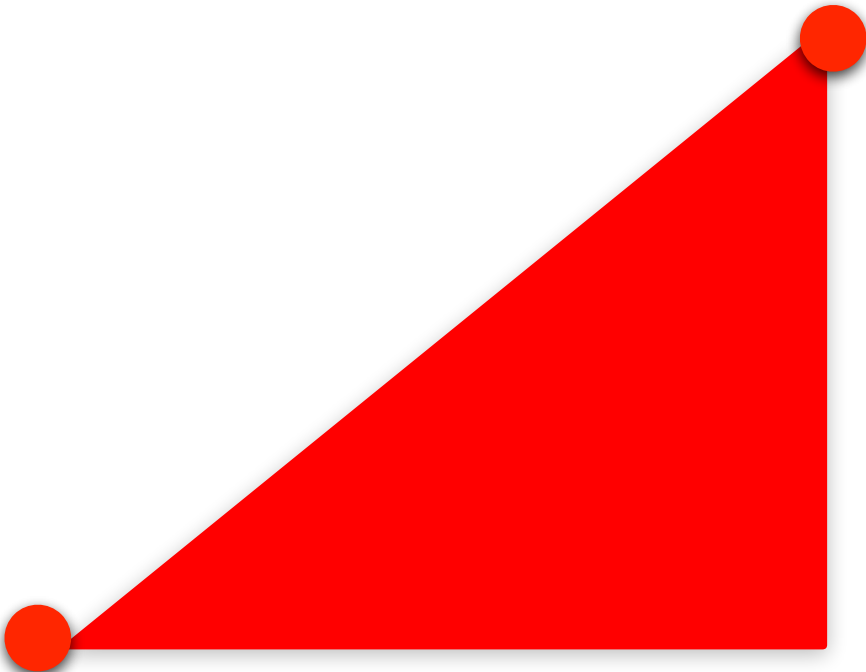
5

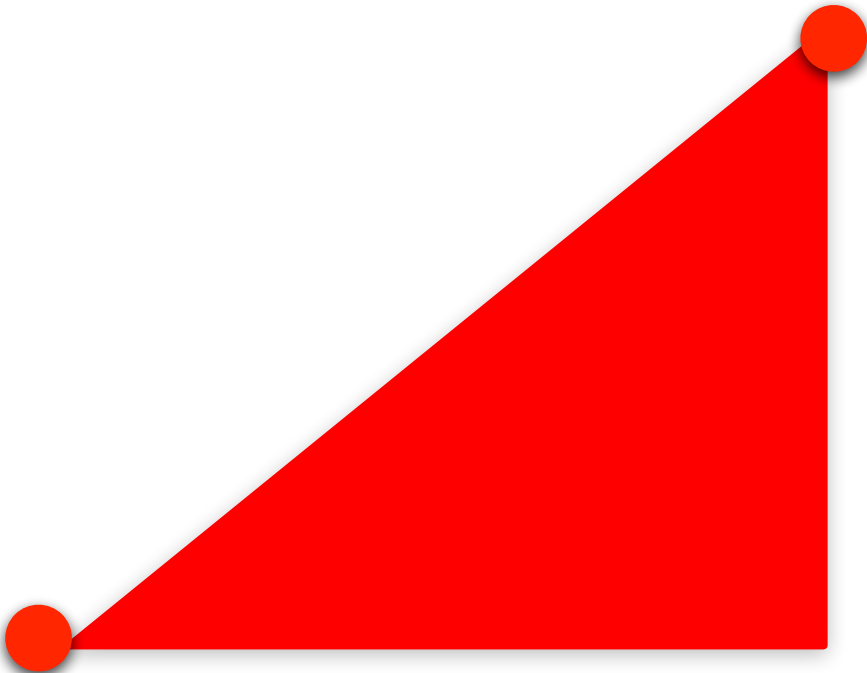
Y

Choose *any* two points









$AE = \text{intercept} + \text{MPCY}$

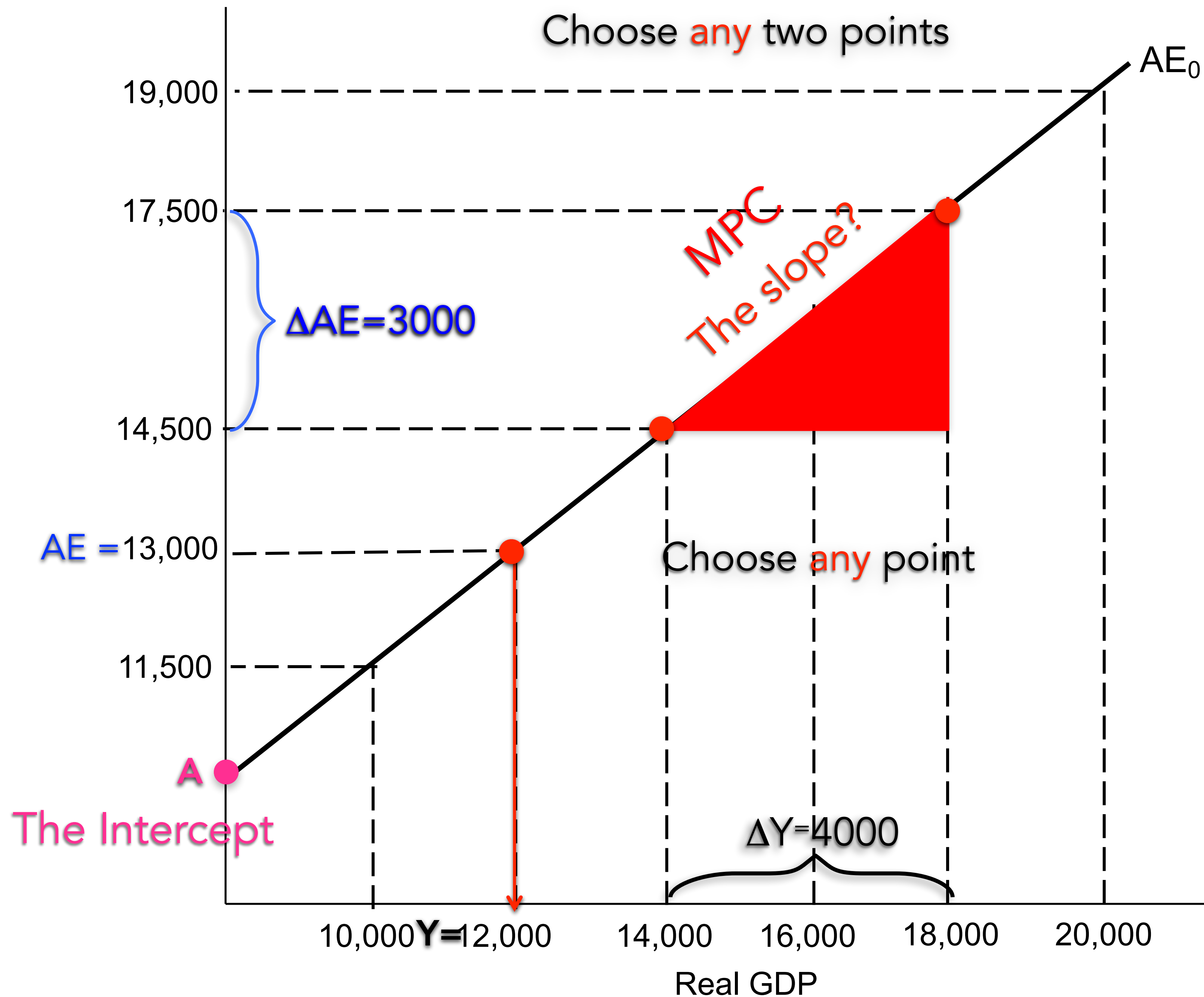
AE = A + 0.75Y

$$13,000 = A + 0.75(12,000)$$

$$13,000 = A + 9,000$$

13,000 - 9,000 = A

4,000 = A



$$AE = \text{intercept} + MPCY$$

$$MPC = \Delta AE / \Delta Y$$

$$MPC = 3000 / 4000$$

$$MPC = 0.75$$

$$AE = A + 0.75Y$$

$$13,000$$

$$12,000$$

$$13,000 = A + 0.75(12,000)$$

$$13,000 = A + 9,000$$

$$13,000 - 9,000 = A$$

$$4,000 = A$$

$$AE = 4,000 + 0.75Y$$

We will use the following values for this example:

$$C = 100 + 0.9Y$$

$$I = 1,000 \text{ billion}$$

$$G = 500 \text{ billion}$$

$$X = 900 \text{ billion}$$

$$M = 600 \text{ billion}$$

$$NX = 900 - 600 = 300$$