

Diagram: Another Revision

Read Eichner pp. 42-60.

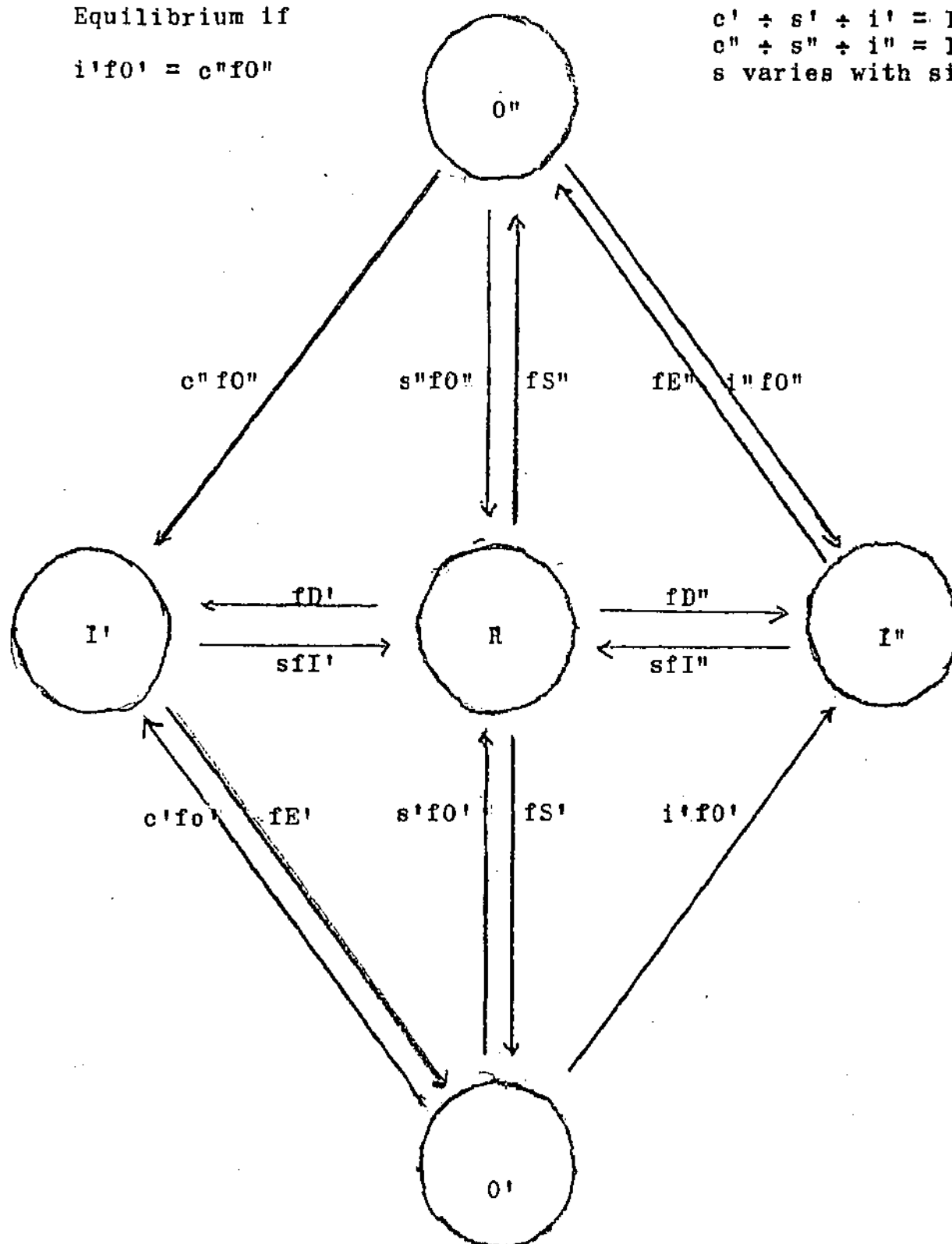
Equilibrium if

$$i'f0' = c''f0''$$

$$c' + s' + i' = 1$$

$$c'' + s'' + i'' = 1$$

s varies with situation



Surplus outlay, O'' , divides into consumption savings and investment
 it is fed by surplus expenditure and withdrawals from R .
 Basic outlay, O' , divides into $c'f0'$, $s'f0'$, and $i'f0'$;
 it is fed by fE' and fS' .

Basic and surplus income contribute savings to
 the redistributational function and draw
 upon its facilities.