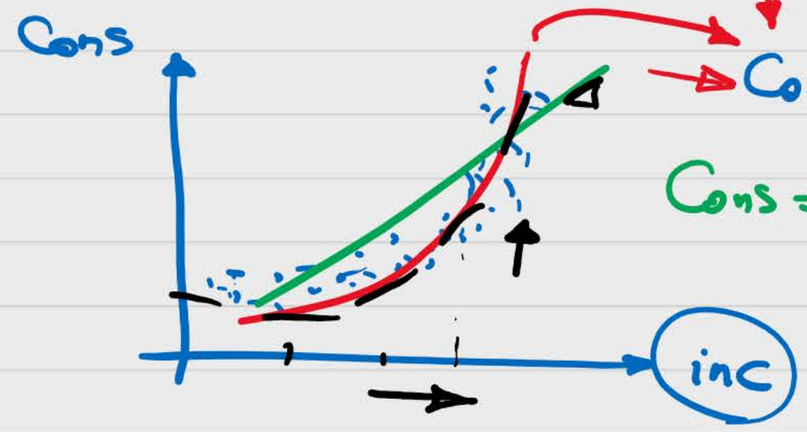
Multiple Regression Model
MRM



$$Cons = \beta_0 + \beta_1 inc + \beta_2 inc^2 + u$$

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$$\beta_1 = \frac{\Delta Cons}{\Delta inc}$$

$$\frac{dCons}{d inc} = \beta_1$$

What is the eff of inc on Cons

$$\beta_1 = \frac{\Delta Cons}{\Delta inc} \; x \; ?$$

$$\frac{\Delta Cons}{\Delta inc} \approx \frac{dCons}{d inc} = \beta_1 + 2\beta_2 inc$$