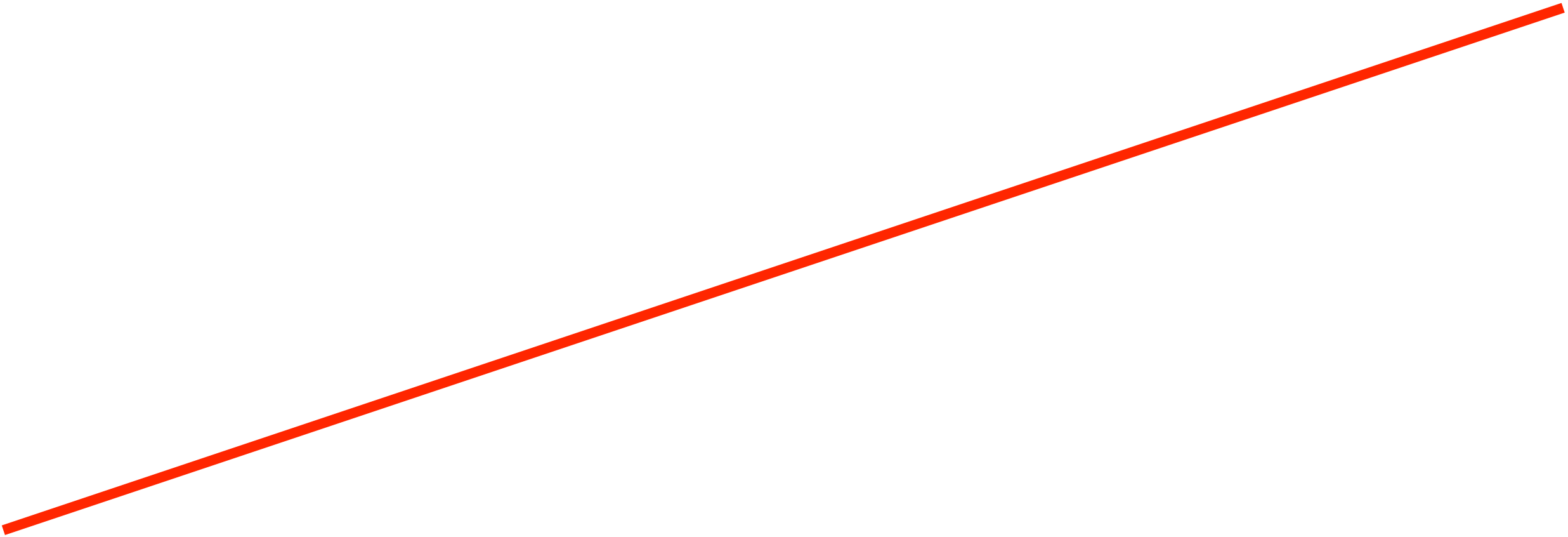
Real Income

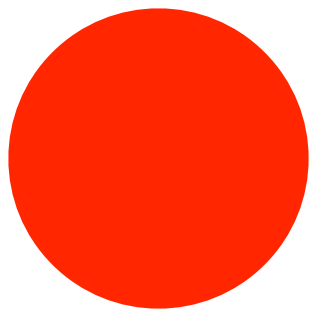
Consumption

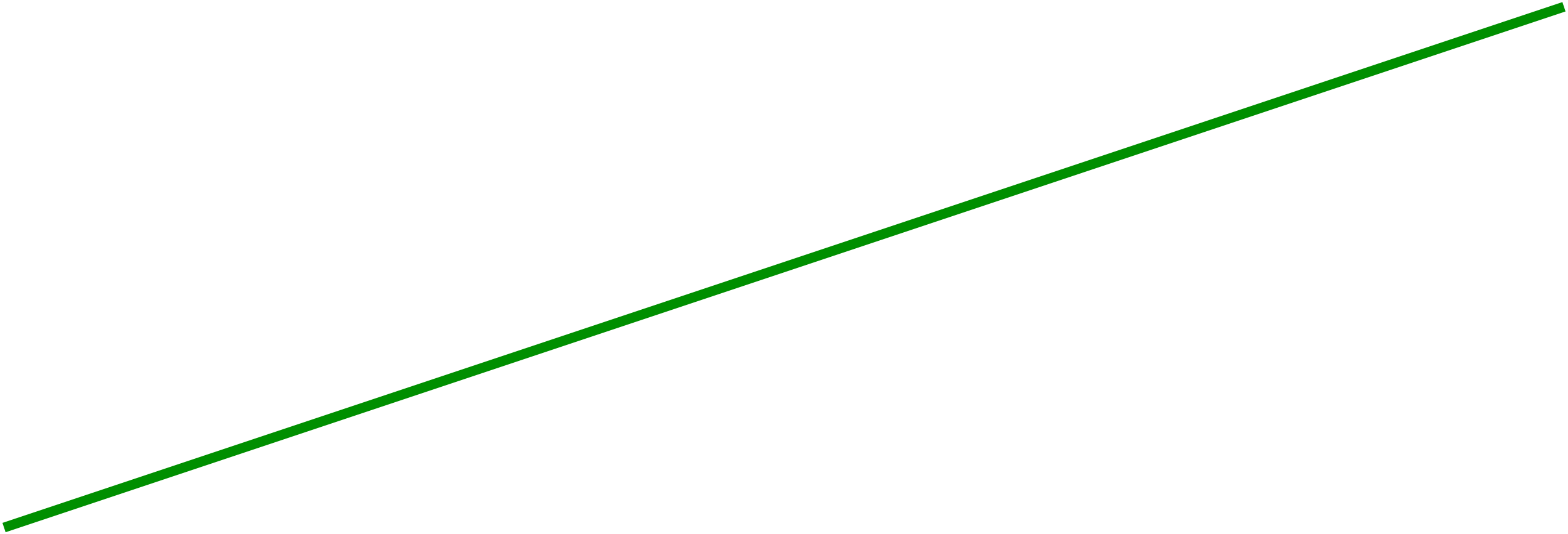
10000

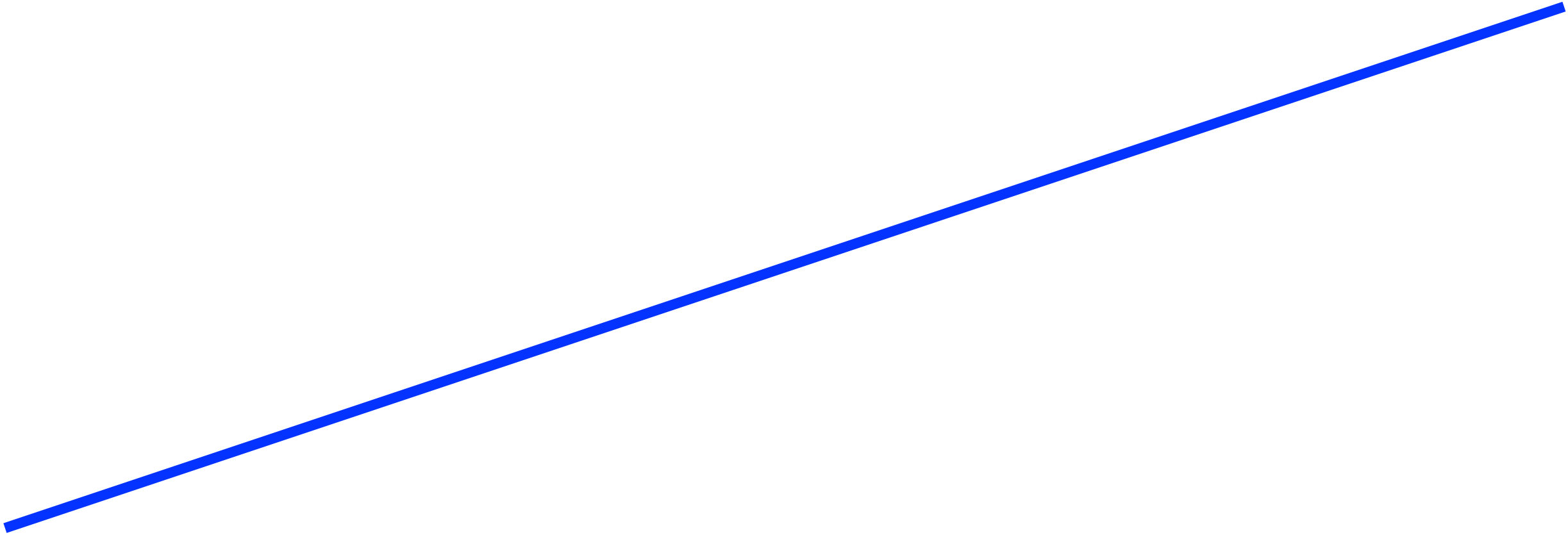
11000

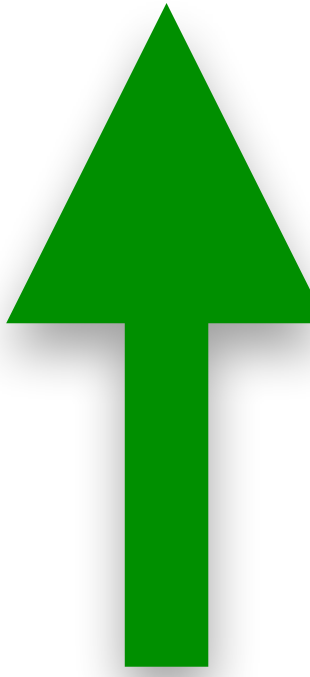
100

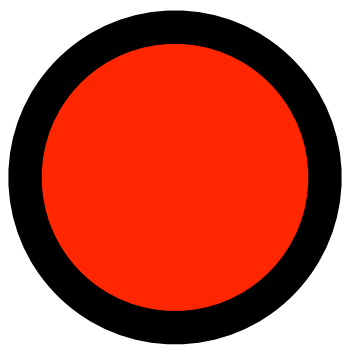


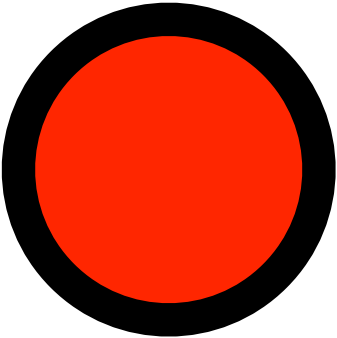


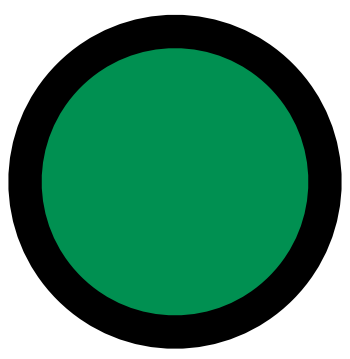


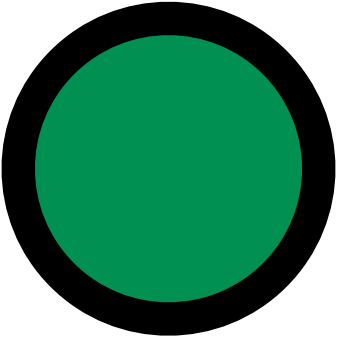


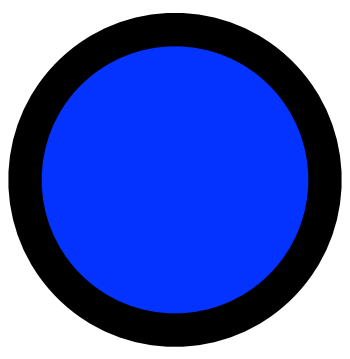












CM

C
B

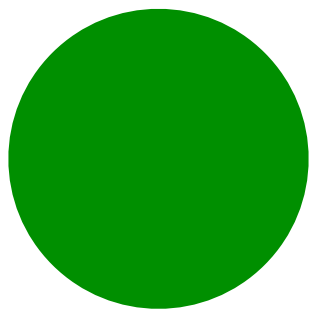
700

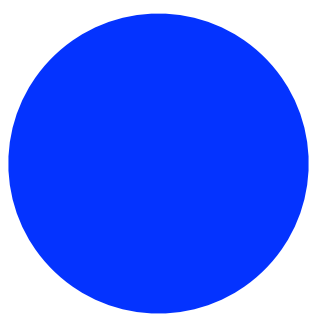
700

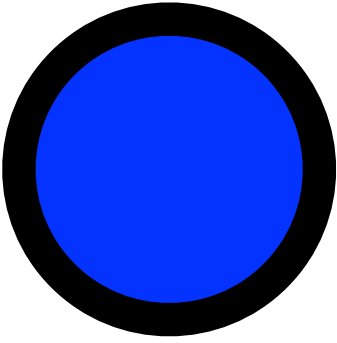
700

200

300

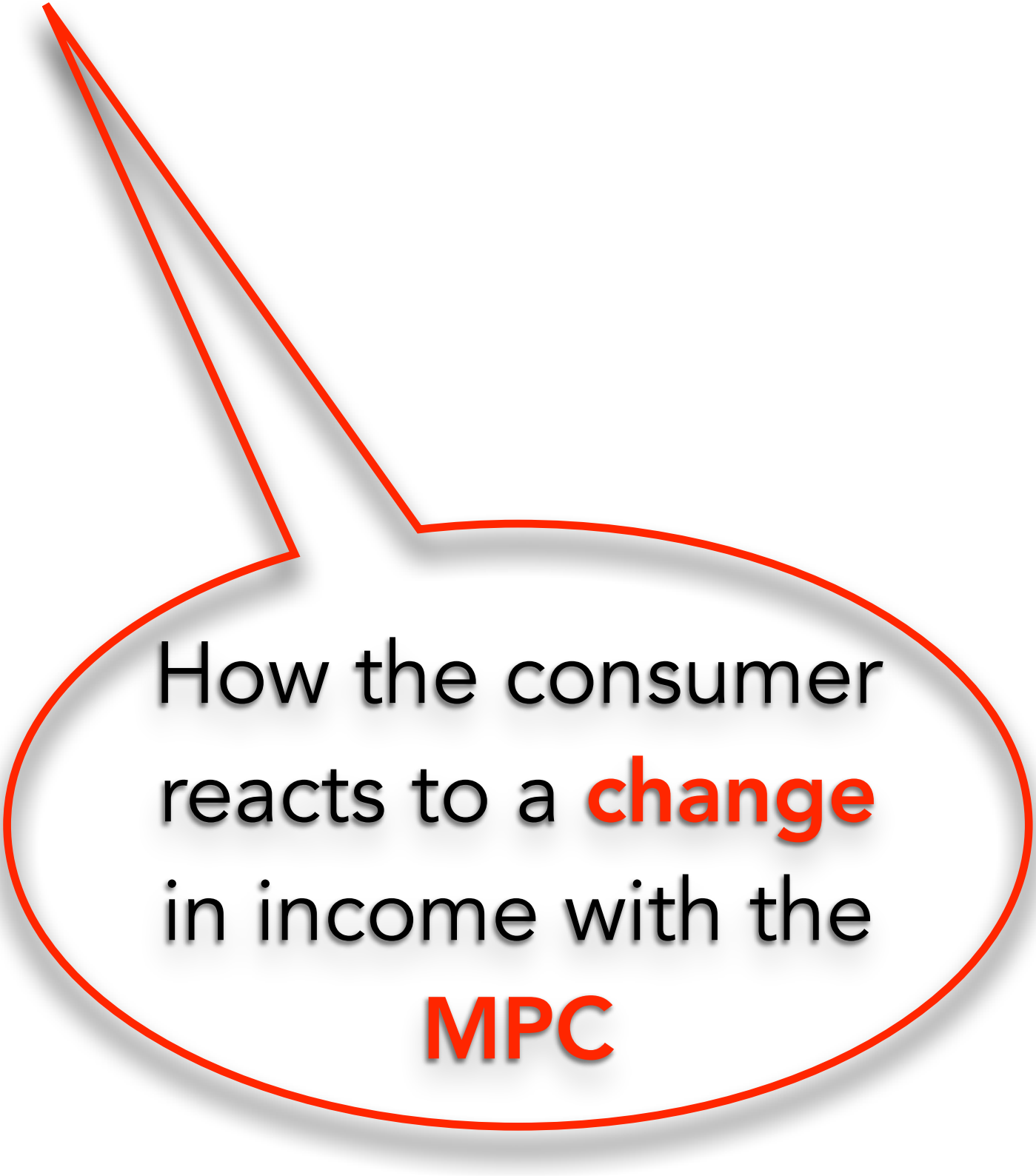






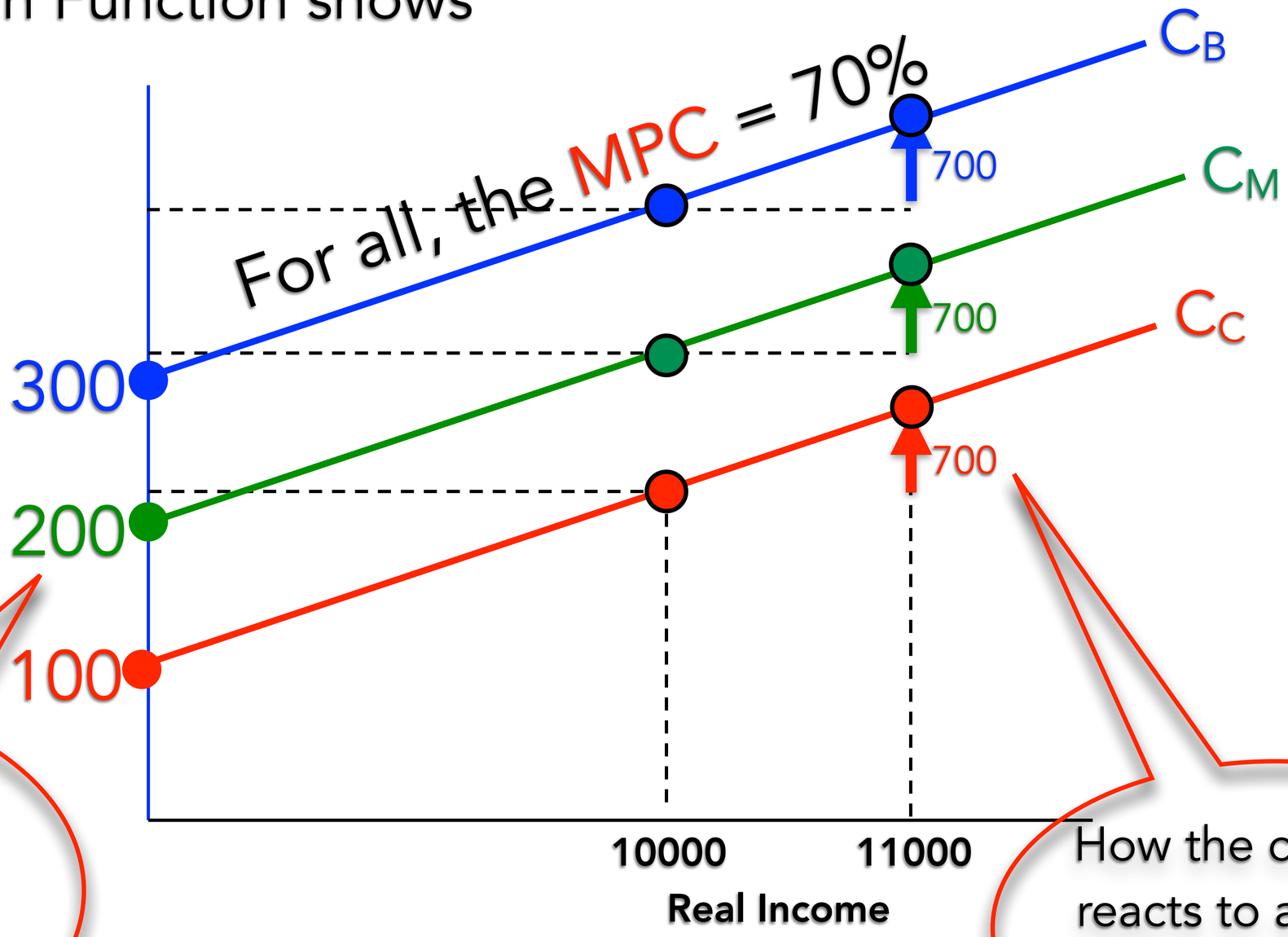
For all, the MPC = 70%

A Consumption Function shows


How the consumer
reacts to a change
in income with the
MPC

How the consumer reacts to changes in Wealth and Expectations with the **intercept**

A Consumption Function shows



How the consumer reacts to changes in Wealth and Expectations with the **intercept**

How the consumer reacts to a **change** in income with the **MPC**

The Consumption Function