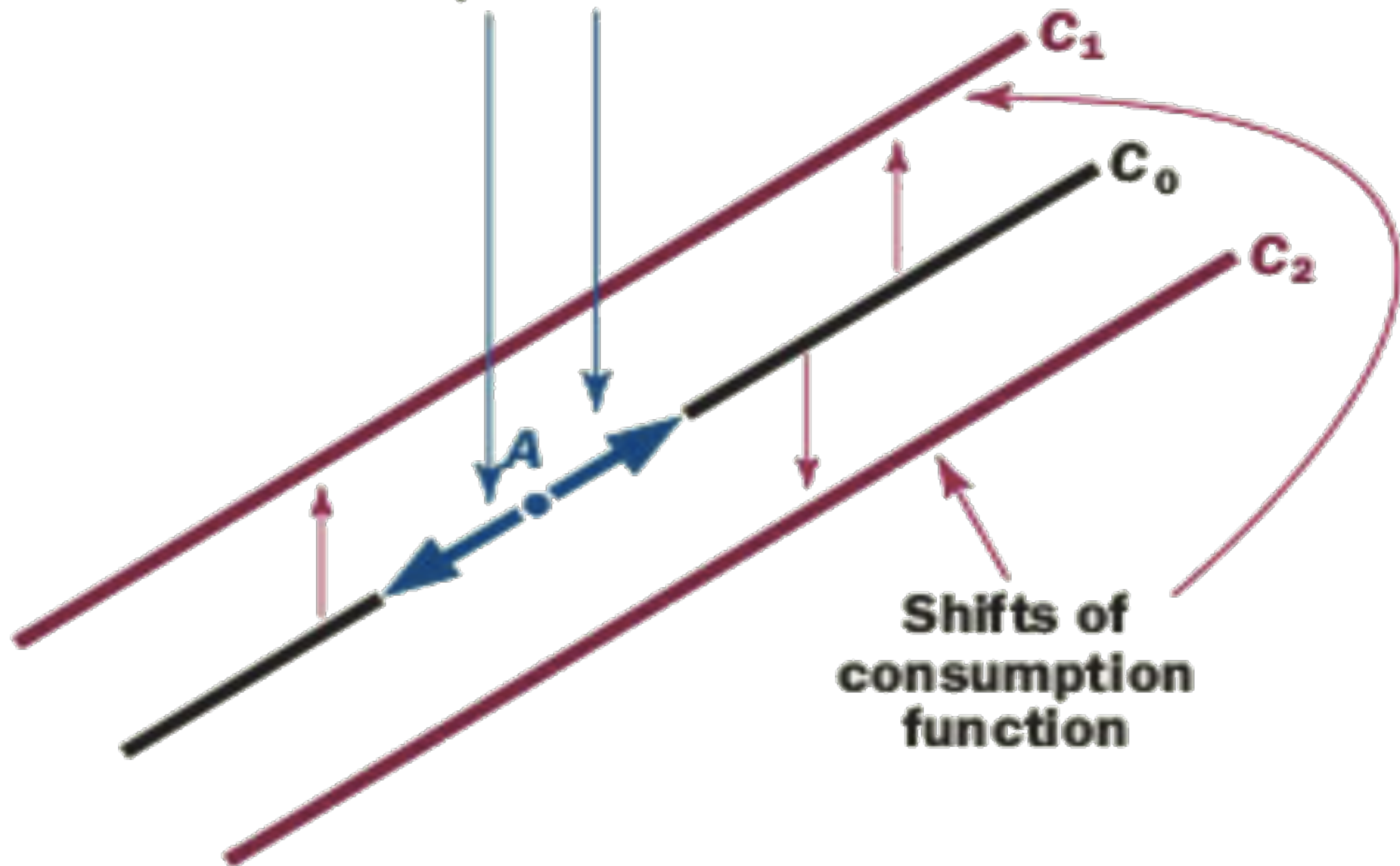


Real Consumer Spending

Movements along
consumption function



Real Disposable Income

Movement Along

result from changes in:



National Income

Taxes

Transfers

Shifts in Consumption result

from changes in:

Wealth

Expectations

Price Level (CPI)

Chapter 8

Disposable Income = National Income - T_x + T_r

Chapter 8

Real Consumer Spending

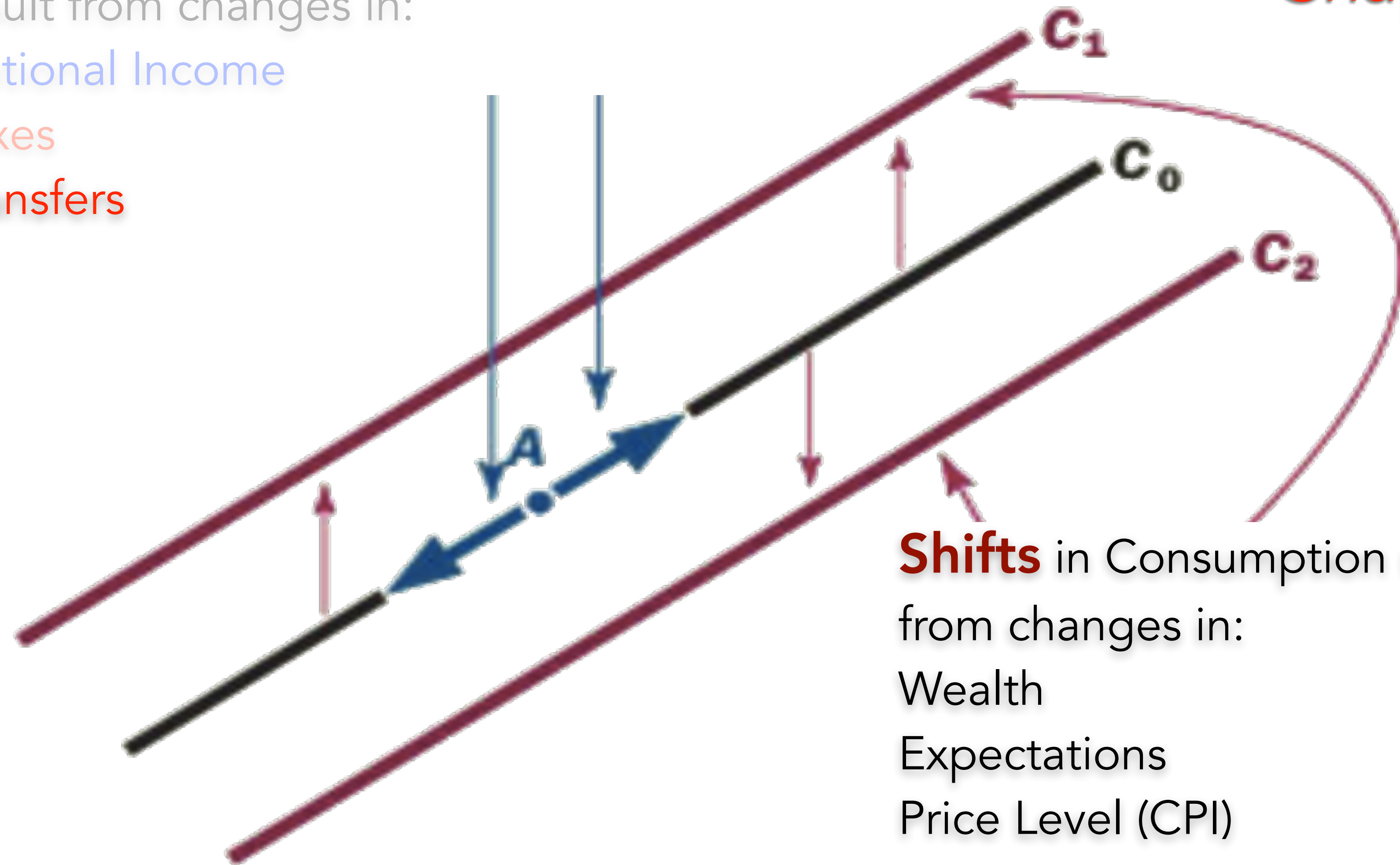
Movement Along

result from changes in:

National Income

Taxes

Transfers



Shifts in Consumption result from changes in:
Wealth
Expectations
Price Level (CPI)

$$\text{Disposable Income} = \text{National Income} - \text{Tx} + \text{Tr}$$

The Consumption Function Shifts