The Consumption Function Shifts

With changes in:



Consumer expectations

Prices

laxes

Transfers



Interest rates affect Investment (purchases of new homes) but NOT consumption

Interest rates may affect the MPC and the MPS but such effects are beyond the scope of this introductory class

The Consumption Function Shifts

With changes in:

Wealth

Consumer expectations

Prices

Taxes

Transfers



Interest rates

have NO effect

Interest rates may affect the MPC and the MPS but such effects are beyond the scope of this introductory class