

The Consumption Function Shifts

With changes in:

wealth

Consumer expectations

Prices

Taxes

Transfers

A red, multi-pointed starburst or explosion shape, centered on the page. It has approximately 12 points of varying lengths, creating a jagged, star-like appearance. The color is a bright, solid red.

*Interest rates
have NO effect
on Consumption*

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

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