13

For all, the MPC = 70%

The APC is different for these individuals

Be sure to distinguish between these two

The Marginal Propensity to Consume:

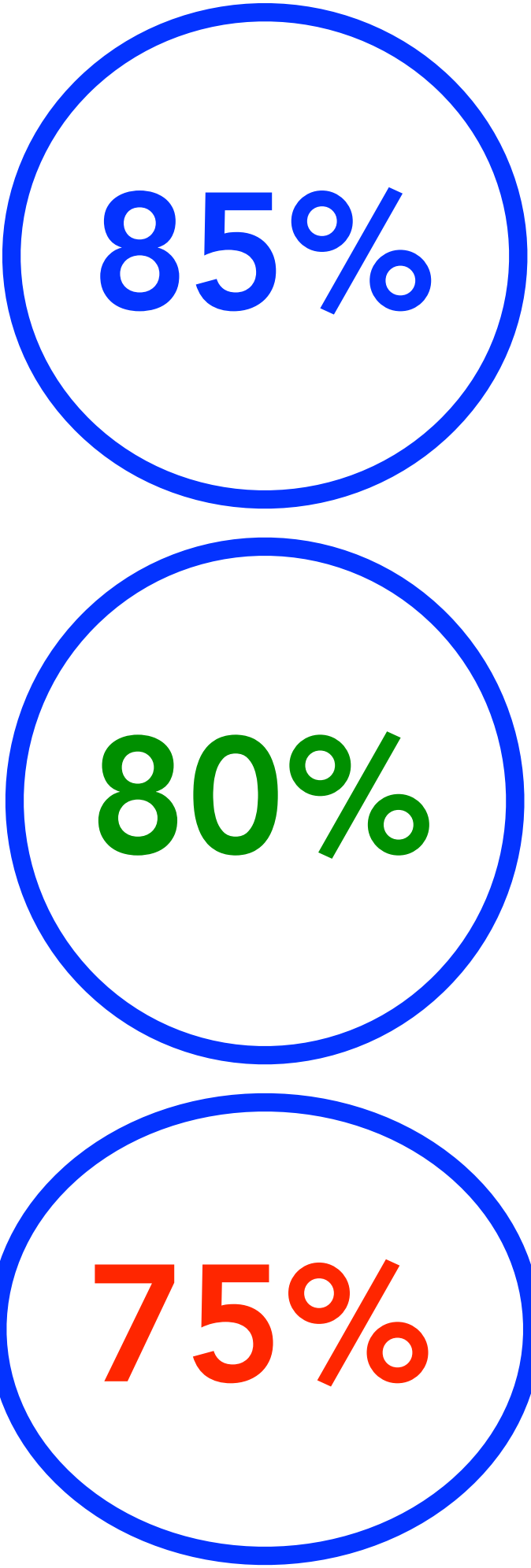
MPC = increase in consumption/increase in income

$$MPC = \Delta C / \Delta Y$$

The Average Propensity to Consume:

APC = Consumption/Income

$$APC = C/Y$$


85%
80%
75%

The APC is different for these individuals

85%

80%

75%

For all, the MPC = 70%

Be sure to distinguish between these two

The Marginal Propensity to Consume:

MPC = increase in consumption/increase in income

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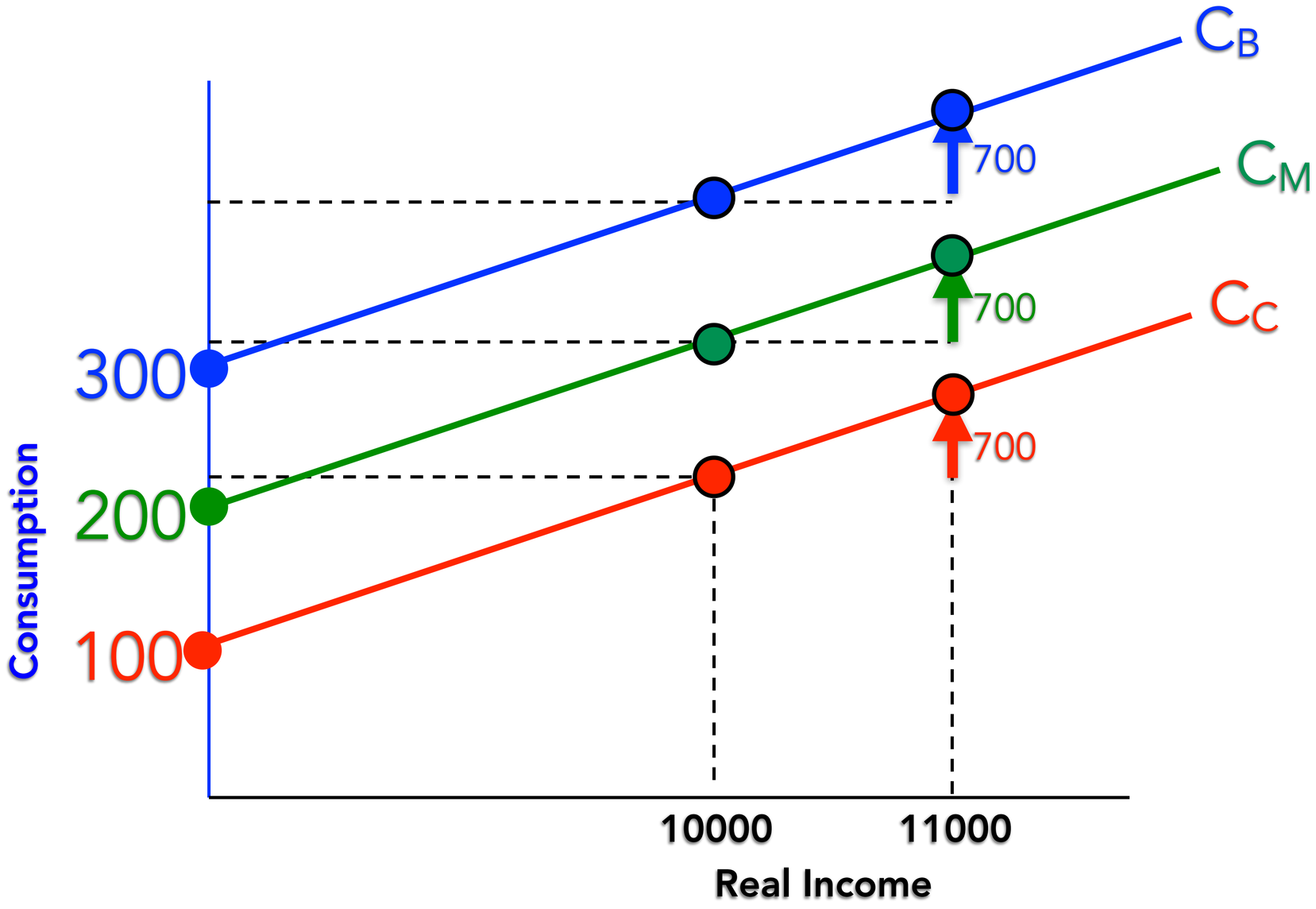
C_B
C_M
C_C
700
700
700
300
200
100
Consumption
10000
11000
Real Income