



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

NRCS

=

ANR

◆ The Average Propensity to Consume:

$$APC = \text{Consumption} / \text{Income}$$

ARC

=

CN



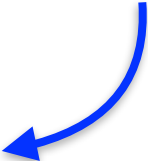
85%



80%



75%



The **APC** is different for these individuals

For all, the **MPC** = 70%

85%

Be sure to distinguish between these two

80%

◆ The **Marginal** Propensity to Consume:

75%

MPC = increase in consumption / increase in income

$$\text{MPC} = \Delta C / \Delta Y$$

◆ The **Average** Propensity to Consume:

APC = Consumption / Income

$$\text{APC} = C / Y$$

