

Read in colour

10,000



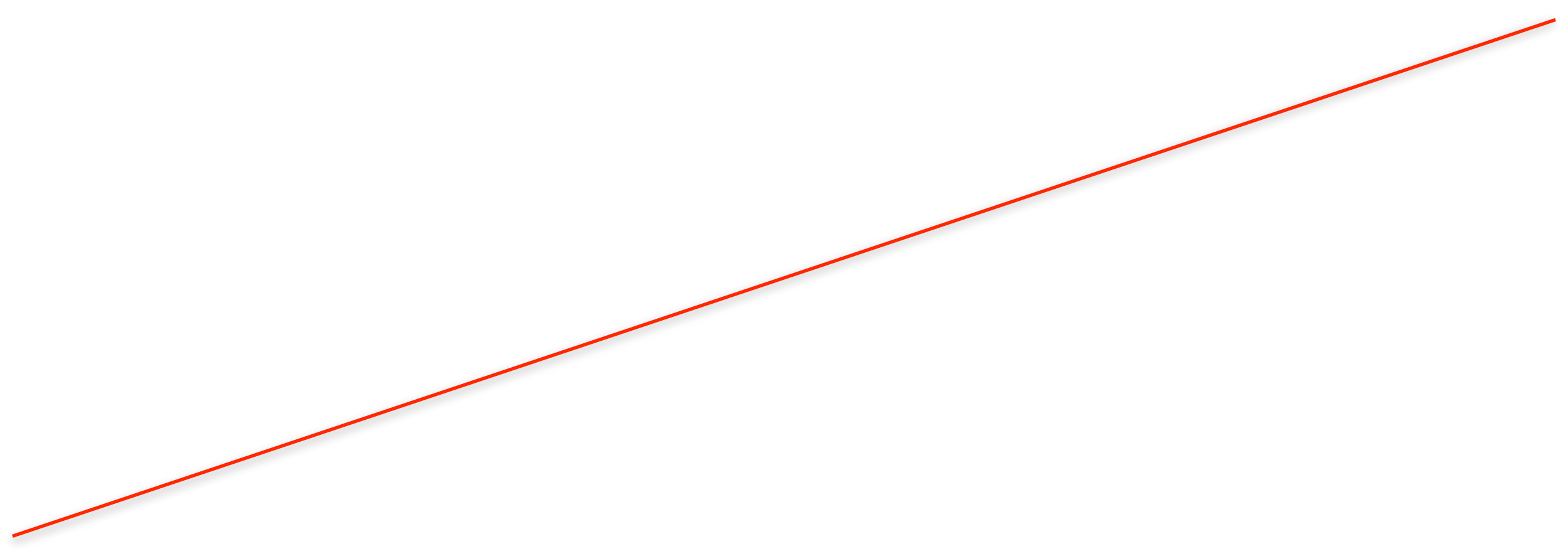


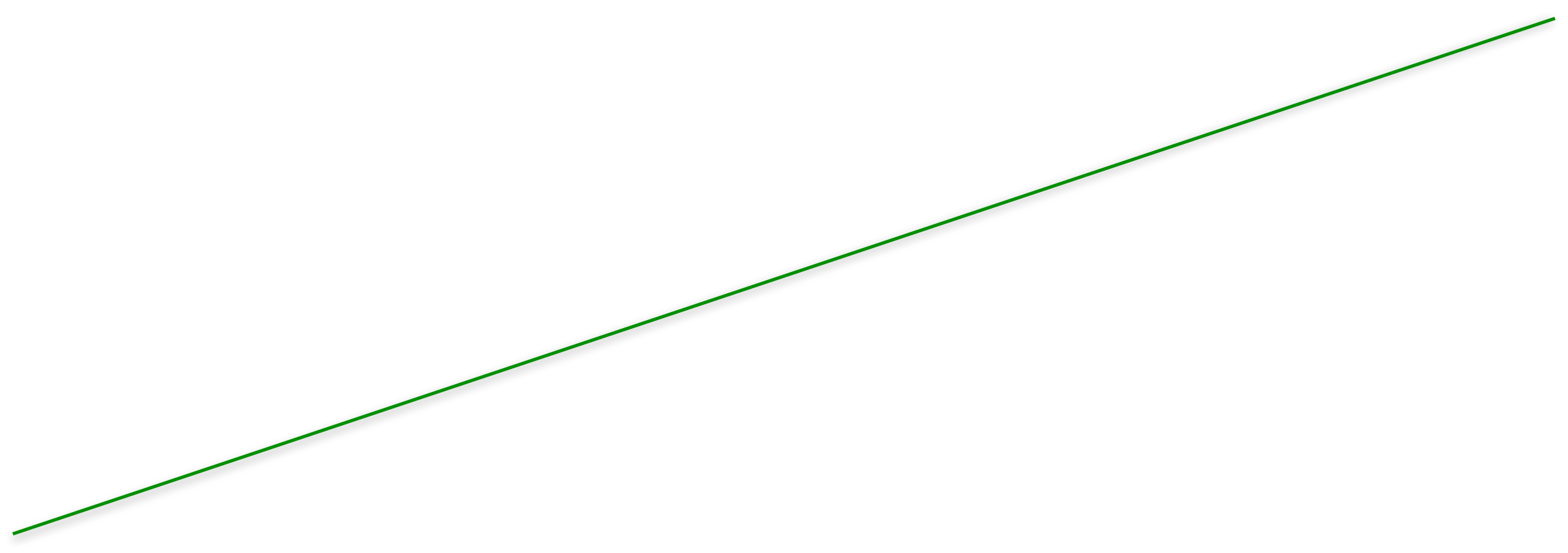


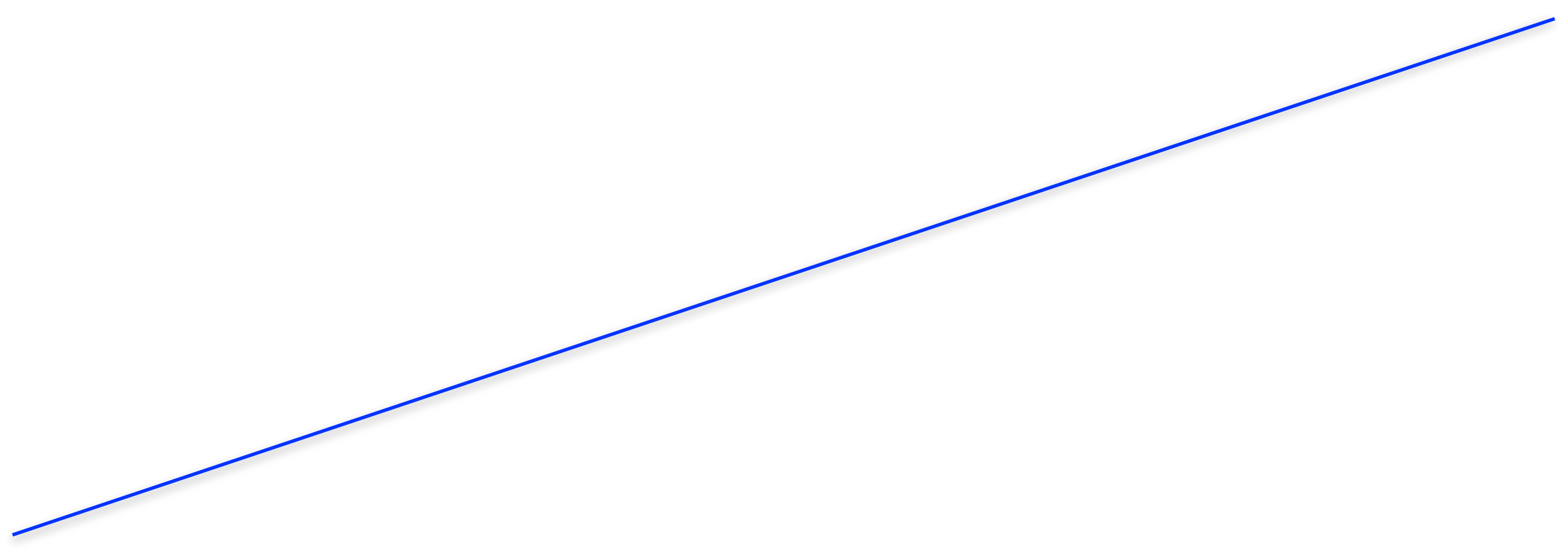




11,000

















9,000

10,000

11,000

C Bob







700

700

700

1,000

1,000

1,000

70%

70%

70%



For all three, the MPC = 70%

These three individuals react the **same** to a \$1,000 increase in income

C Mary

Cclaudia











1,000



$$(9,000/10,000)*100 = 90\%$$

Claudia spends 90% of the \$10,000

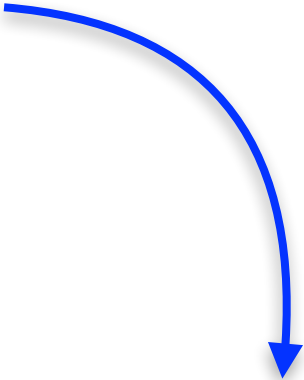
$$(10,000/10,000)*100 = 100\%$$

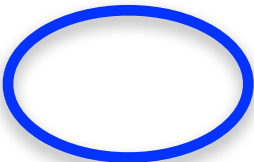
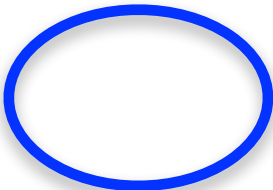
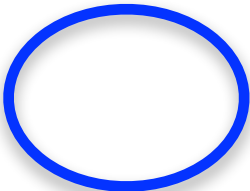
Mary spends 100% of the \$10,000

$$(11,000/10,000)*100 = 110\%$$

Bob spends 110% of the \$10,000

The APC is different
for these individuals





The portion of the income spent is called
the Average Propensity to Consume:

APC

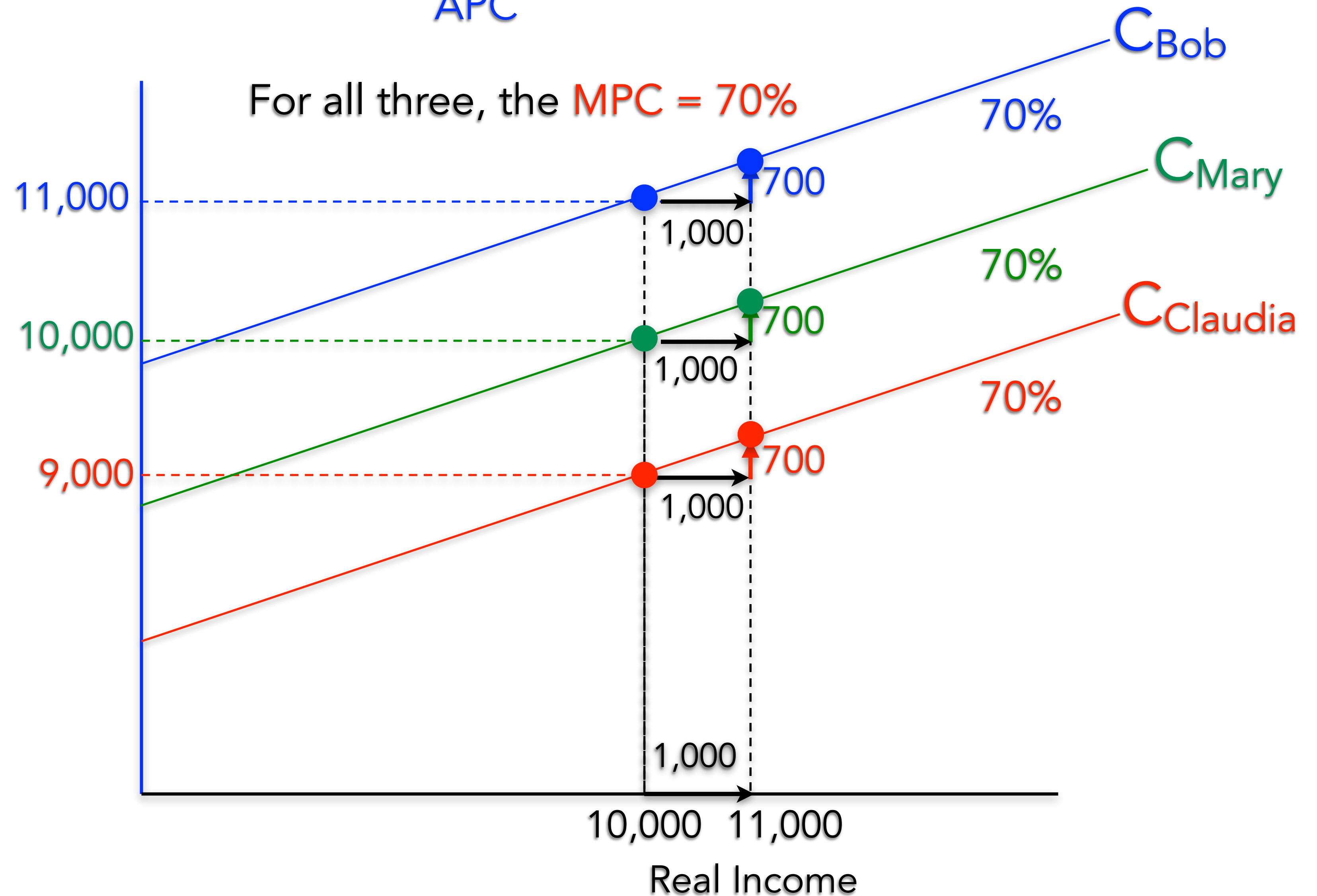
The **APC** is different for these individuals

$(11,000/10,000)*100 = 110\%$
Bob spends 110% of the \$10,000

$(10,000/10,000)*100 = 100\%$
Mary spends 100% of the \$10,000

$(9,000/10,000)*100 = 90\%$
Claudia spends 90% of the \$10,000

The **portion** of the income spent is called the **Average Propensity to Consume**:
APC



These three individuals react the **same** to a \$1,000 increase in income

