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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 =  $\frac{\text{change in consumption}}{\text{change in income}}$

NPC

=

△

C

/

△

Y



The **Average** Propensity to Consume:

$$APC = C / I$$

APC

=

CN

110%

100%

90%

The **APC** is different for these individuals

110%

100%

90%

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

Be sure to distinguish between these two:

The **Marginal** Propensity to Consume:

**MPC** = change in consumption/change in income

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

The **Average** Propensity to Consume:

**APC** = Consumption/Income

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

