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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 = change in consumption / change in income

NPC

=

△

C

/

△

Y

The **Average** Propensity to Consume:

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

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

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

