A Primer on Marginal Analysis Answer Key

Name: ______________________ **Date:** ______________________

Directions: Watch the first 8 minutes of the Crash Course Economics: Episode 18 Marginal Analysis and Roller Coasters .Answer the questions in activity.

1. What does marginal analysis mean in economics?
   a. Marginal analysis is the difference between total revenue and total cost
   b. Marginal analysis is the point at which a business is able to sell all its output.
   c. Marginal analysis is the analysis of the cost and benefits of the addition of one unit of an input or good.
   d. Marginal analysis is a tool used in finance to calculate interest rates.

2. Marginal analysis used only by economists to measure productive activity.
   a. This statement is TRUE.
   b. This statement is FALSE. Marginal analysis is used in everyday life by individuals, businesses, and governments.
   c. This statement is FALSE. Marginal analysis is used by economists, businesses, and governments to measure productive activity, but rarely if ever used by individuals.
   d. This statement is FALSE. Marginal analysis is only used in theory but has no practical application to real-life situations.

3. What is meant by "utility"?
   a. The satisfaction gained by using a resource, good or service.
   b. The total benefits gained from using a resource, good or service.
   c. The total cost derived from using a resource, good or service.
   d. The additional cost or benefit of using a resource, good or service.

4. Which of the following defines marginal utility?
    a. The change in total utility divided by the price of a product
    b. The maximum amount of satisfaction from consuming a product
    c. The total satisfaction received from consuming as much of the product that is available for consumption
    d. The additional satisfaction received from consuming one more unit of a product