

Finding the Optimal Quantity Answer Key

Marginal Analysis in Action: Determining the Optimal Amount of an Activity

The graph shows the marginal benefit and marginal cost you will receive from different amounts of some activity. *Answer these questions based on the graph.*

- The number of units that will maximize your total benefit (TB) is _____ units.
(a) 0 (b) 5 (c) 8 (d) 10 **(e) 12**
- The net marginal benefit (NMB) you would receive from the 5th unit is
(a) JK (b) JN **(c) KN** (d) OJNA (e) ABN
- The marginal cost (MC) of the 10th unit is
(a) DX **(b) DY** (c) XY (d) ODY (e) ODXA
- The number of units that will maximize your net total benefit (NTB) is _____ units
(a) 0 (b) 5 **(c) 8** (d) 10 (e) 12
- The deadweight loss from having 5 units of the activity is
(a) OJK (b) JRWN **(c) KNW** (d) NK (e) RW
- The net total benefit (NTB) from 8 units is
(a) OWA (b) ORWA (c) KNW (d) RW (e) FWA
- Net marginal benefit (NMB) is 0 at _____ units.
(a) 0 (b) 5 **(c) 8** (d) 10 (e) 12
- The optimal number of units of this activity is _____ units.
(a) 0 (b) 5 **(c) 8** (d) 10 (e) 12

