

Finding the Optimal Quantity Answer Key

<u>Marginal Analysis in Action: Determining the Optimal Amount of an Activity</u> 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*.

1.	The number of u	nits that will ma	aximize your to	tal benefit (TB)	is units.
	(a) 0	(b) 5	(c) 8	(d) 10	(e) 12
1.	The net marginal (a) JK	benefit (NMB) (b) JN	you would reco (c) KN	eive from the 5 (d) 0JNA	ith unit is (e) ABN
2.	The marginal cos (a) DX	t (MC) of the 10 (b) DY	Oth unit is (c) XY	(d) 0DY	(e) 0DXA
3.	The number of un (a) 0	nits that will ma (b) 5	aximize your ne (c) 8	et total benefit (d) 10	(NTB) is units (e) 12
4.	The deadweight l (a) OJK	oss from havin (b) JRWN	g 5 units of the (c) KNW	activity is (d) NK	(e) RW
5.	The net total ben (a) 0WA	efit (NTB) from (b) ORWA	8 units is (c) KNW	(d) RW	(e) FWA
6.	Net marginal ben (a) 0	efit (NMB) is 0 (b) 5	at units. (c) 8	(d) 10	(e) 12
7.	The optimal num (a) 0	ber of units of (b) 5	this activity is _ (c) 8	units. (d) 10	(e) 12
		MB, MC A B E F G H	N K J R 2 3 4 5 6 7	y x y x y y y y y y y y y y y y y y y y	MC IB Q

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