

1.

Q_x	Total Utility
1	12
2	22
3	28

Given the utility information in the table above, what is this consumer's "marginal utility" of consuming the second unit of good x?

- a. 12 (-3)
- b. 22 (-2)
- c. 11 (-2)
- d. 6 (-3)
- e. 10* (-0)

2. Assume Joan's current marginal utility of consuming bagels (B) is +20 and is +10 for donuts (D). For which of the following prices would Joan be maximizing her utility given a budget constraint?

- a. $P_B = \$1.00, P_D = \0.50 * (-0) $MU_B/P_B = MU_D/P_D$
- b. $P_B = \$0.50, P_D = \1.00 (-2)
- c. $P_B = \$0.10, P_D = \0.20 (-2)
- d. $P_B = \$0.75, P_D = \0.75 (-4)
- e. $P_B = \$1.50, P_D = \0.50 (-3)