

Consumer Short Questions

1999

State the **Law of Diminishing Marginal Utility**.

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(16 marks)

2001

What is meant by the concept '*consumer surplus*'?

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.....
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(16 marks)

2003

State **FOUR** economic assumptions used for analysing consumer behaviour.

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____

(17 marks)

2004

Define the **Law of Diminishing Marginal Utility** and state **TWO** assumptions underlying the law.

Definition: _____

Assumption (i): _____

Assumption (ii): _____

(17 marks)

2005

Explain what is meant by **Consumer Surplus**.

_____ (16 marks)

A consumer in equilibrium buys 10 cups of coffee at €2 each and 10 phone cards at €6 each. The marginal utility of the cups of coffee is 5 utils. What is the marginal utility of phone cards? **Show your workings.**

Workings

Answer: _____

_____ (16 marks)

2006

In equilibrium a consumer buys 8 bars of chocolate at €1.00 each and 12 sandwiches at €4.00 each. The marginal utility of the eighth bar of chocolate is 10 utils.

Using the Equi-Marginal Principle of Consumer Behaviour **calculate the marginal utility of the twelfth sandwich.**

Show all your workings.

Workings

Answer:

(17 marks)

2009

(a) State the **Law of Diminishing Marginal Utility**: _____

(b) The table below illustrates the Law of Diminishing Marginal Utility.

Number of units consumed	1	2	3	4	5	6
Total Utility in units	30	65	85	100	110	115
Marginal Utility in units	30					

Complete the table and state the point after which diminishing utility sets in.

(17 marks)

2010 EC

In equilibrium a consumer buys 6 bars of chocolate at €1 each and 10 bottles of water at €1.50 each. The marginal utility of the sixth bar of chocolate is 10 utils. Using the Equi-Marginal Principle of Consumer Behaviour **calculate the marginal utility of the tenth bottle of water.**

Show all your workings.

Workings:

Answer: _____

(16 marks)

2011 EC

In equilibrium a consumer buys 8 bars of chocolate at €1 each and 12 sandwiches at €4 each. The marginal utility of the eighth bar of chocolate is 10 utils. Using the Equi-Marginal Principle of Consumer Behaviour calculate the **marginal utility of the twelfth sandwich.**

Workings:

Answer:

(16 marks)

2012 EC

In equilibrium a consumer buys eight bars of chocolate at €1 each and 12 sandwiches at €4 each. The marginal utility of the eighth bar of chocolate is 10 utils. Using the Equi-Marginal Principle of Consumer Behaviour, calculate the marginal utility of the twelfth sandwich.

WORKINGS:

Answer:

(16 marks)