

The Law of Diminishing Marginal Utility Experiment (aka The Donut Experiment)

Directions:

1. Answer the first two questions before the experiment begins.
2. Fill in the table as the experiment takes place.
3. Then answer the questions that follow. Use the back of the page for notetaking.

1. What is utility?

2. What is marginal utility?

Quantity of Donuts	Marginal Utility	Total Utility
0	-----	0
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		

3. Now that we have filled out our table, graph the marginal utility below.

4. What pattern do you see?

5. The law of diminishing marginal utility tells us that:

6. So as you eat donuts each additional donut makes you _____,

But not as _____ as the last one you ate.

7. The law of diminishing marginal utility explains why price and quantity

8. Draw a graph for the price for donuts and the quantity demanded of donuts.

9. Circle the correct answer: Price and Quantity demanded are an inverse/direct relationship.

10. As Price rises, quantity demanded _____

As Price decreases, quantity demanded _____