

# How Can I Make Better Choices?

Keystone Principle #7 – Economic Thinking is Marginal Thinking

## Monthly Teaching Theme Student Assessment

### I. Vocabulary

Match each word with its definition

\_\_\_\_\_ 1. Marginal

\_\_\_\_\_ 2. Marginal cost

\_\_\_\_\_ 3. Marginal benefit

\_\_\_\_\_ 4. Sunk costs

\_\_\_\_\_ 5. Utility

- a. The additional gain from consuming or producing one more unit of a good or service; can be measured in dollars or satisfaction.
- b. An abstract measure of the satisfaction consumers derive from consuming goods and services.
- c. Things you have already given up in order to try to get something.
- d. An economic word that describes the additional cost (or the additional benefit) of a given behavior.
- e. The increase in a producer's total cost when it increases its output by one unit.

### II. Journal

You pay \$10 to see a movie at a theater. After you are watching for a while, you realize that this is the worst movie you have ever seen. Write about whether you would stay and watch or leave. Explain why and include all the concepts of marginal thinking (marginal costs and benefits, sunk costs, and utility) in your response.