**Outline for Lecture 8**

Law of Diminishing Marginal Utility

How we define the law of diminishing marginal utility?

Provide an example and describe how the utility we receive from additional units of a product changes as we consume more of the product.

*Terminology*

How do we define utility?

Is utility objective or subjective: is the utility derived from a given product constant or does it vary by individual? Explain with an example.

*Total Utility and Marginal Utility*

Figure 7.1 and the accompanying table present data on total and marginal utilities received from consuming tacos.

How do we define total utility?

What is the total utility the consumer gets from eating one taco? How about two tacos? Report the total utility for remaining quantities: three, four, five, six, and seven tacos.

What type of trend do we see in total utility figures?

How do we define marginal utility?

What is the marginal utility of the first taco? How about the second taco? Report the marginal utility for remaining quantities: third, fourth, fifth, sixth, and seventh tacos.

What type of trend do we see in marginal utility figures? Is the trend consistent with the law of diminishing marginal utility?

**Materials for Lecture 8**

Start with the textbook to get familiar with the content and progression of the lecture. Then, go to videos and supplemental articles, if provided, for further clarification and additional examples.

Textbook

Read carefully pages 139 through 141 from the textbook.

Video

Law of diminishing marginal utility

<http://www.youtube.com/watch?v=KOUJEyy48qY&list=PL336C870BEAD3B58B&index=20>

Another take on diminishing marginal utility in first seven minutes

<https://www.khanacademy.org/economics-finance-domain/microeconomics/choices-opp-cost-tutorial/marginal-utility-tutorial/v/marginal-utility>

**Consumer choice from a cross-cultural perspective, outside of class material but interesting**

<http://www.youtube.com/watch?v=uGKaNWUn8cw>