

Analyzing Paragraphs

Here are two paragraphs from C. R. McConnell and S. L. Brue, *Economics: Principles, Problems, and Policies*, 11th ed., McGraw-Hill, New York, 1990, p. 452. In the first of these paragraphs, we have analyzed the words and phrases to illustrate how to analyze paragraphs. The second paragraph is for your own practice. Underline the important words and phrases and then write your diagnosis of them in the margin.

Main Idea → Economists put forth the idea that specific consumer wants can be fulfilled with succeeding units of a commodity in the law of diminishing marginal utility. Let us dissect this law to see exactly what it means. A product has utility if it has the power to satisfy a want. Utility is want-satisfying power. Two characteristics of this concept must be emphasized: First, "utility" and "usefulness" are by no means synonymous. Paintings by Picasso may be useless in the functional sense of the term yet be of tremendous utility to art connoisseurs. Second, and implied in the first point, utility is a subjective notion. The utility of a specific product will vary widely from person to person. A bottle of muscatel wine may yield substantial utility to the Skid Row alcoholic, but zero or negative utility to the local temperance union president. . . .

Explanation by Example →

Important Detail ←

Important Detail ←

Explanation by Example ←

By marginal utility we simply mean the extra utility, or satisfaction, which a consumer gets from one additional unit of a specific product. In any relatively short time wherein the consumer's tastes can be assumed not to change, the marginal utility derived from successive units of a given product will decline. Why? Because a consumer will eventually become saturated, or "filled up," with that particular product. The fact that marginal utility will decline as the consumer acquires additional units of a specific product is known as the law of diminishing marginal utility.
