

CFA® SAMPLE QUESTION – LEVEL I

Economics

Q: The marginal benefit from consuming the fifth unit of a product is \$18, and the marginal cost to the producer of the fifth unit is \$14.

Under the above conditions, which of the following statement is most correct?

CORRECT ANSWER:

(a) Producing and selling the fifth unit will increase efficiency.

When marginal benefit exceeds marginal cost, increasing the quantity of the good produced will also improve the allocative efficiency.



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