your suit. You find a luxurious gray pinstripe suit for $455 and decide to buy it, but then another customer whispers in your ear that the exact same suit is on sale for only $448 at another store, just 15 minutes away. Do you make this second 15-minute trip? In this case, most people say that they would not.

But what is going on here? Is 15 minutes of your time worth $7, or isn't it? In reality, of course, $7 is $7—no matter how you count it. The only question you should ask yourself in these cases is whether the trip across town, and the 15 extra minutes it would take, is worth the extra $7 you would save. Whether the amount from which this $7 will be saved is $10 or $10,000 should be irrelevant.

This is the problem of relativity—we look at our decisions in a relative way and compare them locally to the available alternative. We compare the relative advantage of the cheap pen with the expensive one, and this contrast makes it obvious to us that we should spend the extra time to save the $7. At the same time, the relative advantage of the cheaper suit is very small, so we spend the extra $7.

This is also why it is so easy for a person to add $200 to a $5,000 catering bill for a soup entrée, when the same person will clip coupons to save 25 cents on a one-dollar can of condensed soup. Similarly, we find it easy to spend $3,000 to upgrade to leather seats when we buy a new $25,000 car, but difficult to spend the same amount on a new leather sofa (even though we know we will spend more time at home on the sofa than in the car). Yet if we just thought about this in a broader perspective, we could better assess what we could do with the $3,000 that we are considering spending on upgrading the car seats. Would we perhaps be better off spending it on books, clothes, or a vacation? Thinking broadly like this is not easy,