

Week 1 practice problems

Elements of Microeconomics (discussion section 1)

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Question 1: Opportunity Cost and Tradeoffs

You are trying to decide whether to go on a beach trip during spring break. What Tradeoffs would you need to consider in making this decision? What is the opportunity cost?

Question 2: Thinking on the Margin

Speculate on whether or not you think the marginal cost or benefit of the specified item is large or small:

1. The marginal benefit of your first glass of water for the day
2. The marginal benefit of your seventeenth glass of water for the day
3. The cost of streaming an additional movie when you already have netflix
4. The cost of streaming an additional movie on a streaming service you don't already own
5. The marginal benefit of your first hour of studying for your upcoming econ 102 exam
6. The marginal cost of your 30th hour studying in a row
7. For an airline, the cost of flying one additional passenger on a flight that is not fully booked
8. For an airline, the cost of flying one additional passenger when the current flight is fully booked

Question 3: Trade-offs

What is the source of trade-offs? Can you give an example from your own life?