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Principles of Economics

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At the beginning of last year, I purchased a Nintendo Switch for approximately \$300. It is one of the most expensive things I have purchased for the sake of fun, and I took a lot into consideration before I made the purchase.

At the time I was working making \$16.50 an hour. I put half of each paycheck into savings so, with accounting for taxes and other small expenses, about \$5.00 per hour towards my savings for the Switch. This meant that it would take around 60 hours of work to make the purchase. The opportunity cost of buying the Nintendo Switch was 60 hours of my time and anything else I could have purchased with the money spent on the device. I did not have anything else I wanted to spend the money on, and I determined that the hours of enjoyment I would get out the playing games on the Switch would be far greater than the hours spent working to pay for it, so I voluntarily traded my money for the Switch.

A large reason why I wanted the Switch in the first place was because one of my friends has one and I really enjoyed playing games on it. The marginal value of my Switch was decreased because of the law of diminishing returns. Since I had already played some of the games, by purchasing my own switch I was consuming more of the same thing. At the time of purchase (ex-ante), I really enjoyed playing games but now (ex post) I have very little time to play. I am also making less working an on-campus job. If I had the opportunity

now, I would not make the purchase because the marginal cost would outweigh the marginal benefit.

Positive Statement:

“Big companies are tightening remote-work policies, shrinking travel budgets and cutting back on benefits. “

This statement is a fact. Research was conducted and this statement was determined to be true. Examples such as JPMorgan, Amazon, and Dell are shown to have enacted these policies. Even though it is later contradicted in the article by the line “The number of big companies announcing five-day mandates is still small” it is still stated as a fact.

Normative Statement:

“A company spokesman said at that time that employees have the freedom and flexibility to determine what is best for them.”

This statement shows the opinion of the company spokesperson, even though the article seems to refute this opinion.

Art of Economics:

“The moves show how the balance of power between employers and employees has shifted as the labor market has gone from white-hot to merely solid.”

This statement starts with the opinion that the balance of power has shifted and supports it with evidence about the labor market.

