1 Scarcity, choice, and opportunity cost – Part 1 — Answers

Answers

Work through these after you have tried the questions yourself.

2.1 wants are unlimited but resources are limited, so people cannot have everything and must choose.
2.2 the $40 you did not earn.
2.3 a combination that is currently unattainable (not enough resources).
2.4 the ability to produce a good at a lower opportunity cost than someone else.
2.5 the $10 is a sunk cost – already spent and unrecoverable – so only whether you will now enjoy the film (a future benefit) should matter.