

# Why diamonds are more expensive than water?

[Environment](#), [Water](#)



1 . A) Use economics to explain why diamonds are more expensive than water when water is necessary for survival and diamonds are not. We are led to believe that water is abundant and of little value as a commodity while diamonds are treated just the opposite. We are told they are rare, are precious. Water will just become stagnant if not kept in a safe place but not to worry because the moisture drawn into the air will eventually form clouds and rain and the stuff will fall all over the place.

There's lots of water everywhere. Diamonds not so much. Diamonds reflect wealth, so people want them to show off. It's a question of supply and demand. B. ) Why people leave tips at a restaurant they visit often? 2. What does scarcity have to do with the necessity of people to make choices? People must make choices between different items because the resources necessary to fulfill their wants are limited. These decisions are made by giving up (trading of one want to satisfy another. Is inflation a macroeconomic or a microeconomic question? Why? Inflation is one factor that shows the health of the overall macroeconomic. The higher the level of inflation, the less healthy the economy is.? 4. What causes the production possibility curve to be bowed out? The bowed out shape of the production possibility curve is because certain factors of production are better suited to producing one good than they are to producing another good. Economics By mandybug0808