

# [Chapter essay 1](https://assignbuster.com/chapter-essay-1/)

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Macro & Micro Economics Assignment Question a) There will be no increase in since the rivers will be closed to fishing so the decrease in price will not have the desired result.   
b) There will be increase in number of clients as the movie would have acted as positive advertisement drawing people to fish.   
Question 2   
a) Studying for an exam   
The costs of studying an exam are that one gets to forego other activities such as watching movies. One may also fail to go to work and make some wages and fail to sleep if one spends the whole night studying. The benefits of studying for the exam is that one gets good grades and avoids that “ talk” with the parent. Passing the exam is also a step towards the achievement of one’s dream career which has a good pay.   
b) Going skiing on a class day   
Costs: fall behind in class work and risk failing in that class   
Risk getting in trouble with the school and parents   
Risk getting an accident and getting hurt   
Benefits: Have fun   
Get to exercise   
c) Taking a Job   
Costs: reduced free time   
Benefits: Gets a source of income thus one is able to meet their financial needs   
Reduces idleness   
d) Watching the Television   
Costs: The time spent on TV could be used to do something more constructive   
Risk of being obese   
Benefits: one gets entertained and informed   
Question 3   
It was a good investment if the revenue generated is greater than the expenses incurred.   
Question 4   
It is true that there is no free lunch because the money used to provide this lunch could be used for other purposes such as building better classes or providing technology that makes learning better.   
Question 5   
It is possible to exchange diamond for other items because despite the fact that it is a rare commodity, there are other metals that can be used as its substitute. However, there is no substitute for water.   
Question 6   
The rule of increasing marginal cost states that as productivity increases, the marginal cost of production increases and the marginal benefits decreases. In our case, the desired results are reduction of weight and as the person tries to lose more weight the cost needed to achieve this increases explaining why it is hard to lose the last 10 pounds.   
Question 7   
4 hours should be spent in studying economics and two hours should be spent studying accounting. This is because spending more hours studying economics have a greater marginal benefits compared to spending more time studying accounting.