

# [Opportunity cost direct and indirect cost.andmarginal cost, average cost and sunk...](https://assignbuster.com/opportunity-cost-direct-and-indirect-costmarginal-cost-average-cost-and-sunk-cost/)

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Opportunity cost, direct and indirect cost, marginal cost, average cost and sunk cost Q1. In an opportunity cost situation, indirect costs are greater than the direct costs. Two months ago, I would have earned $50 to work for five straight rush hours. The work required watching a neighbor’s store. However, I preferred watching the Justin Beeber concert. The concert cost was $20. The transportation cost to attend the popular Justin Beeber concert was $15. The concert costs are direct cost. Evidently, the $50 indirect costs are greater than the preferred direct concert attendance cost, $35. Direct costs are attributed to a specific activity, watching the concert (Geetika220). Foregone opportunity cost is the cost of the discarded cost choice, the $50 work (McEachern 30).   
Q2. Last month, I was on a pondering mood. I had to scrutinize a sunk cost obstacle. A sunk cost is cost that had been previously used or paid, not recoverable (Mankiw 262). Gathering and analyzing the gym cost facts paid Last August 2012. The average activity cost was higher than the marginal cost. Marginal cost is higher than the basic cost. The cost is also known as incremental cost (Geetika384). I paid only $25 for one month’s unlimited use of the Gym. On the other hand, the average activity cost was $ 5 for each class. The average activity cost is the mean of all the relevant total activity costs (Taylor 214). Since I projected to attend 28 classes in one week, the total cost summed up to $ 140. Consequently, $140 is definitely higher than the $25 cost.   
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