

# Marginal costs and benefits



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Marginal analysis is a technique used in microeconomics by which very small changes in specific variables are studied in terms of the effect on related variables and the system as a whole. Marginal costs and benefits are a vital part of economics because they help to provide the relevant measurement of costs and benefits at a specific level of production and consumption (McCain, 2008). This is the reason why I've chosen this topic for my paper. We use economics in our daily lives without knowing it. It would be nice to have an unlimited source of income, where one doesn't have to worry on how they spend.

Of course to most cases, we don't have that luxury so we must live on a budget. Analyzing the marginal costs will benefit us in the long run because when we live on a budget, we spend most of our lives trying to find the most out of our spending. Let's say that one person who lives on a tight budget, but they would like to have a nice vacation in one point of their lives. They would work toward that point and find out how much they would need for the costs of the trip. Every dollar now becomes crucial to their spending because we must know how much we can afford and have to be wise about it.

We cannot go out there and start spending like mad because in the end we'll ask ourselves, " Now how are we going to pay this off? " So calculating within the budget is necessary, but keeping in mind that we should be able to actually enjoy the vacation without being tedious of every single cent that is coming out of our pocket. Let's say that we have a budget of \$2000 total to go on this trip. Looking at the prices of the airfare, transportation, food, lodging etc. , we have to see much this would all cost us so therefore we can

know how much money is left to us to spend on certain material items we may come across to when we are on vacation.

There's always something that one could find that raises the question, "I should buy this because I wouldn't be able to find it where I am currently living." When we calculate all the costs, we will see how much it would benefit us in the long run. The benefits of this situation is that if we find deals and discount for the necessary factors of our trip, we have more spending money to enjoy our vacation, buying things without that guilt factor because we know it's within our budget.