

## Econ Challenge #1

### Opportunity Cost & Production Possibilities

Please email answers to [tadams@nvknights.org](mailto:tadams@nvknights.org) and include the following: your full name and your answers with explanations (show work or thought process) No explanations = no credit

Use the following information for the next two (3) questions.

1. Zack has a busy life and he has to make some tough choices. Zack has to attend his Econ 101 midterm today (this takes 2 hours). But, he gets to allocate the remaining 22 hours available between sleeping (X) and writing comic books (Y). He takes four hours to write one comic book. What is the opportunity cost of sleeping 8 hours?

- a) Depends on how much he was originally sleeping.
- b)  $\frac{1}{2}$  of a comic book.
- c) 2 comic books.
- d) 4 comic books

2. Suppose instead Zack faces those same 2 choices tomorrow, but he no longer has to attend the Econ 101 midterm, giving him 24 hours to allocate. As compared to the original scenario, the opportunity cost of sleeping 8 hours \_\_\_\_\_?

- a) Increases.
- b) Stays the same.
- c) Decreases.
- d) Not enough information.

3. Luke and Kyle are roommates living in the dorms. The opportunity cost of doing one homework assignment is missing out on 5 games of Halo for Luke. Kyle is a much better student and has the comparative advantage in doing homework assignments. Assume that both Luke and Kyle have linear PPFs for this question. What must be the opportunity cost of 15 games of Halo for Kyle?

- a) More than 3 homework assignments.
- b) Less than 3 homework assignments.
- c) More than 2 homework assignments.
- d) Between 2 and 5 homework assignments.