Problem Set #1
Thinking Like An Economist

Tutorial Problems

1. If Lando does not pursue a one-year degree, he will work and earn $35,000 (after taxes) and pay $10,000 in rent. If he attends university, he cannot work and pays $15,000 in tuition and $10,000 in rent. Based on this information, what is the opportunity cost of pursuing the degree?

   A. $15,000
   B. $25,000
   C. $35,000
   D. $50,000
   E. $60,000

2. A friend comes up to you and offers to give you a free ticket to the Blue Jays' baseball game that night. You decide to attend the game. The game takes 5 hours and costs you $15 for transportation. If you had not attended the game, you would have biked to and worked at your part-time job for $8 an hour. What is the cost to you of attending the game?

   A. $65
   B. $55
   C. $40
   D. $15
   E. $0