

# Quiz 1

Econ 2103

Spring 2001

## Instructions

Answer each of the following in the empty space below. Place an X or checkmark in either the *Fly* or *Bus* column to denote the correct decision for the economizing traveler. To obtain credit you MUST fill in the table and show your calculations (or the formula you used).

## Opportunity Costs

It takes one hour to travel from New York City to Washington D.C., by air, but it takes five hours by bus. If the air fare is \$110 and the bus fare is \$70, which would be cheaper for someone whose opportunity cost of travel time is \$6 per hour? For someone whose opportunity cost is \$10 per hour? \$14 per hour?

Opportunity Cost of time	Should he fly?	Or, take the bus?
\$6/hr		
\$10/hr		
\$14/hr		

## Computations