Зибуайи Закария 2-53

Topic 6

So Let's simplify the every information:

* Mary's Weekly income is $100
* The price of a loaf of bread $2
* The price of a book is $10

- The opportunity cost of a book is 5 loaves of bread, since the slope of the budget line is -1/5 Which means that for each additional book purshased, Mary must give up 5 loaves of bread.
- The opportunity cost of a loaf bread is 1/5 of a book since the inverse of the slope is 5/1

- If the price of both book and bread doubled, the budget line would shift inward but the slope and therefore the opportunity costs would remain the same. The opportunity cost of a book would still be 5 loaves of bread, and the opportunity cost of a loaf of bread would still be 1/5 of a book.