

1 Abstract

Economics is a social science that may feel unreal or even useless for many people. Its concepts and definitions can be abstracts, complex and unpragmatic. However, the comprehend of some ideas of this science can be the key for a success decision making process for normal people's life.

Contrary to popular belief, the economy is not about money, it is focused on studying the problem of shortage. Resources such as time and money are scarce, consequently, understanding the basic of economics is fundamental for everyone not only for economists. The opportunity cost and marginal benefit are an examples of two economical concepts useful for day-to-day decisions.

2 Introduction

Over the past several decades, economist have studied the concepts of opportunity cost and marginal benefit. According to economist Case, Karl y Fair, Ray (1997), the opportunity cost is what an agent is deprived of or renounces when making a choice. Varian (2014) defines the marginal benefit as the amount utility or satisfaction that a consumer receives with an additional portion or unit of a good or service.

These ideas are key in optimal decision-making process. The implementation of them, provides insights that can help from consumption preferences to career decisions to eating out or working out.

3 Why the opportunity cost and marginal benefit are important?

- 1 It helps in the decision process of a choice and its scope or intensity
- 2 It sheds light about the better use of time, money and resources
- 3 It makes people conscious of the consequences of their decisions

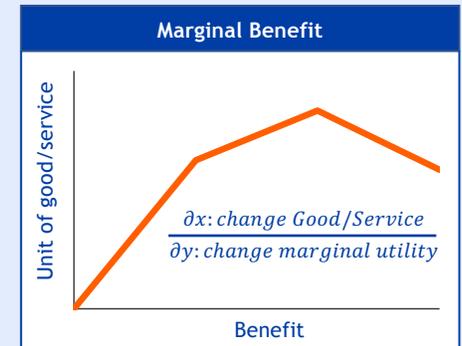
4 Conclusions

1. Economics is an useful toolkit for optimal decision-making processes.
2. Opportunity cost allows us to understand what we resign in order to do something.
3. Marginal benefit gives insight about welfare receive by doing one more action of the same.

Every decision in real life involves trade-offs

	Now	Later
Today's choice 		
Buying a \$7 strawberry smoothie		
	Spending \$7 another way	
		
		Benefiting from \$7 saved
		

Source: Federal Reserve Bank of St. Louis (2020).



Source: Varian, Hal R. Intermediate Microeconomics (2014).

References:
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