

Answer on Question #64684 - Economics - Microeconomics

An economy consists of three workers, Larry, Moe, and Curly. Each works ten hours a day and can produce two services: mowing lawns and washing cars. In an hour, Larry can either mow one lawn or wash one car; Moe can either mow one lawn or wash two cars; and Curly can either mow two lawns or wash one car.

Scenario 1: All three spend all their time mowing lawns. Then lawns will be mowed and cars will be washed.

Scenario 2: All three spend all their time washing cars. Then lawns will be mowed and cars will be washed

Scenario 3: All three spend half their time on each activity. Then lawns will be mowed and cars will be washed.

Scenario 4: Larry spends half his time on each activity, while Moe only washes cars and Curly only mows lawns. Then lawns will be mowed and cars will be washed.

Exactly one of the scenarios above is inefficient. That is Scenario

Answer

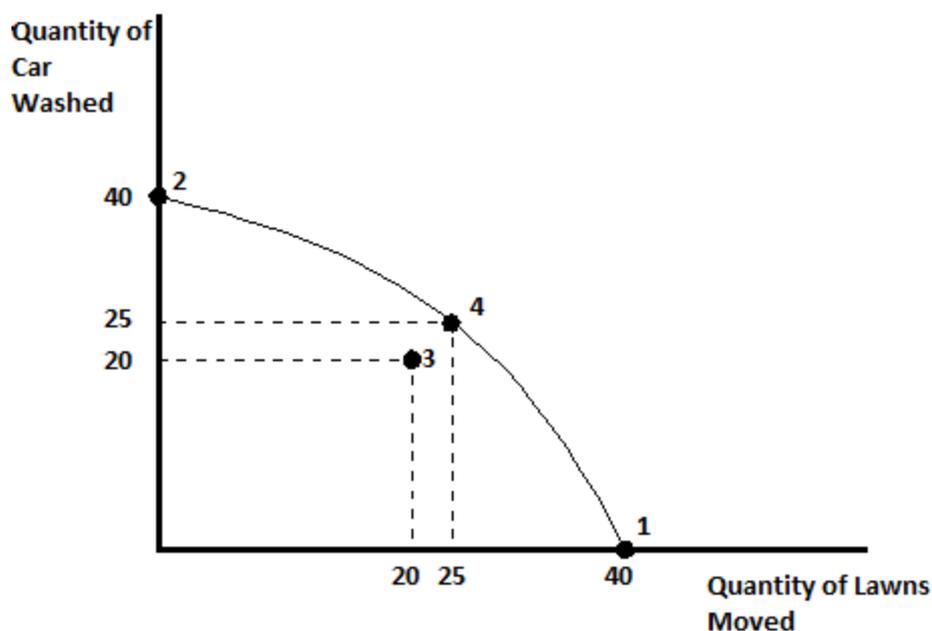
So let's calculate services produced in one day due to different scenarios.

Scenario 1: 40 lawns mowed; 0 washed cars

Scenario 2: 0 lawns mowed, 40 washed cars

Scenario 3: 20 lawns mowed; 20 washed cars

Scenario 4: 25 lawns mowed; 25 washed cars



So Scenario 3 is inefficient. More washed cars and mowed lawns can be produced by simply reallocating the time of the three individuals.

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