

CASE STUDY

Maya and John are a couple that have been married for three years, they have been living in an apartment for the past four years in Encino. In an ordinary sunny morning, Maya finds a flat tire on her Corolla. Panicked, she wake up John and takes the key of his Jeep; her work schedule is not flexible at all!

John could easily feel that his boss was not happy when he called for an absence. Frustration aside, he needs to get the flat tire repaired. John doesn't want to call the towing truck and he knows how expensive that could be. However, replacing the flat tire with the spare is no small task given John's subpar mechanic skills and the fact that his mind is full of a recent case he has been dealing with at work. Two and half hours after he started, the spare is successfully on the car as John collapses in a heap in their living room. As he is useless for another half an hour, John searches online and finds a good deal of tires in a nearby tire shop. He ends up spending the whole day to take care of the tire problem for Maya.

Maya is happy to see her newly equipped Corolla when coming home. As she is joking about the car wash not even letting John's Jeep in, Maya seriously complains that she spent almost \$85 to fill up the tank. John admits that he might have some mud on his car but comments she will always see a highway congested of cars and SUVs in L.A. no matter how high the gas price would be. Maya doesn't argue with John considering it took her almost two hours on the highway in this morning. However, she starts thinking seriously about how to reduce their budget on gasoline.

Use the economic concepts to analyze the case:

What do you think about John's decision to save money by fixing the car by himself?

What do you think about John's comment on gasoline price?

What do you think about Maya's plan to reduce their budget on gasoline?

CONSUMER RESOURCES:

U.S. Census Bureau Economic Statistics: <http://www.census.gov/econ/>
Federal Trade Commission Bureau of Economics: <http://www.ftc.gov/be/index.shtml>
CIA The World Factbook: <https://www.cia.gov/library/publications/the-world-factbook/>
Resources for Economists on the Internet: <http://rfe.org/>