

1.3 Opportunity cost

Name: _____ Class: _____ Date: _____

Total: 16 marks

KEY WORDS opportunity cost 机会成本 • alternative 替代选择 • consumers 消费者
• governments 政府 • producers 生产者

Objective

Build the skills to answer exam questions on **opportunity cost** 机会成本 — what it is, and how it affects **consumers, workers, producers and governments** 消费者、工人、生产者、政府.

You must be able to:

- define opportunity cost
- apply it to each type of decision-maker
- analyse the role of opportunity cost in a decision

1 Worked examples

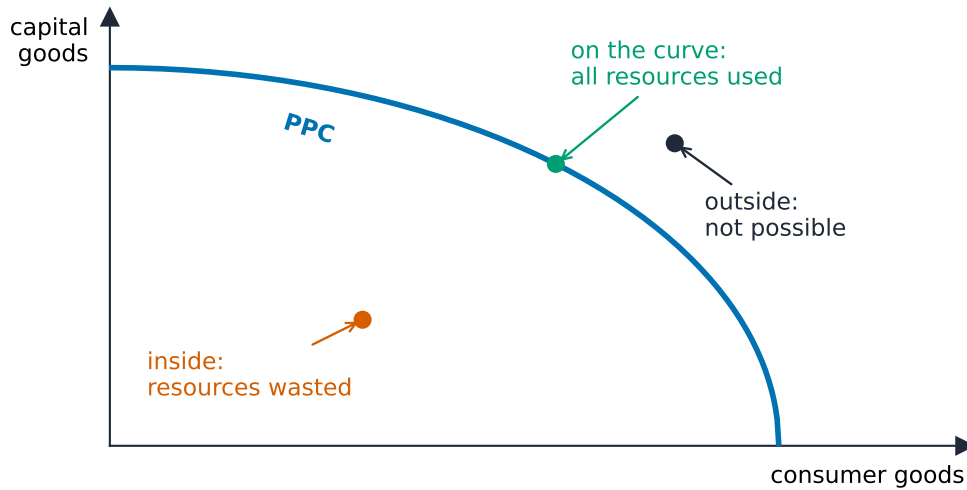
■ The cost of every choice



Opportunity cost is the next best alternative given up

- **Opportunity cost** 机会成本: the next best **alternative** 替代选择 given up when a choice is made.
- **Consumer:** buys a game → gives up the book. **Worker:** takes one job → gives up another's pay.

- **Producer:** makes more cars → gives up the trucks. **Government:** builds a hospital → gives up a school.
- Every choice has a cost, even when no money changes hands.



on = efficient · inside = inefficient · outside = unattainable

On a PPC, opportunity cost is what you give up moving from one point to another

Answer shapes: K + App + An + Ev (a justified judgement, for discuss questions).

2 Practice

2.1 Define the term *opportunity cost*.

[2]

2.2 A government spends its budget on a new road instead of a new hospital. State the opportunity cost.

[1]

2.3 State the opportunity cost for a worker who chooses one job over another.

[2]

3 Exam-style questions

3.1 A consumer spends \$30 on a concert ticket instead of a book. The opportunity cost is: [1]

A	B
C	D

- A the \$30 spent
- B the book given up
- C the concert enjoyed
- D nothing, because money was spent

3.2 Explain, with an example, how opportunity cost affects a producer's decision. [4]

3.3 Analyse why opportunity cost is important when a government decides how to spend its budget. [6]
