**Opportunity Cost**

Opportunity costs arise every time a decision is made. Consumers, producers and governments face an opportunity cost with every decision they made.

**Consumer**

A group of teenagers have decided to go to Thorpe Park. Identify the:

* Next best alternative
* Benefit(s) foregone

**Producer**

Apple has decided to invest more resources into the development of the Apple iPhone 7. Identify the:

* Next best alternative
* Benefit(s) foregone

**Government**

The UK Government has decided to “accept thousands of more Syrian refugees” (source: <http://www.bbc.co.uk/news/uk-34148913>).Identify the:

* Next best alternative
* Benefit(s) foregone

Exam Style Questions

1. The opportunity cost to the government of a decision to construct five new by-passes for a selection of towns would be:

a) The financial cost of building the roads

b) The other goods and services that the capital equipment constructing the roads could have produced

c) The other goods and services that would be produced if the by-passes had not been built

d) The loss of natural habitat given up in order to build the roads

1. Opportunity cost is best defined as:

a) The cost of a choice measured by the cost of products bought

b) The cost of a choice measured by the next best alternative forgone

c) The cost of a choice measured by the time taken to consume

d) The cost of buying an additional unit of a good or service