

OPPORTUNITY COST - CONSUMERS

1. In your own words, write what **opportunity cost** means.

2. Your uncle just gave you \$15.00 for your birthday. You want to spend it on either a soccer ball, a large box of candy, or a new T-shirt. (Each costs \$15.) Put 1 under your first choice, 2 under your second choice, and 3 under your third choice.



3. What is the opportunity cost of your first choice above? _____

4. Were your choices the same as those of your classmates? _____
Why not? _____

5. Suppose your friend has the same first choice as you. Does this mean his or her opportunity cost is the same as yours? Why or why not?

6. Sarah has 1 hour until bedtime. She can read a book, play a game, or bake a cake. She decides to play a game. Her second choice is to read a book, and her third choice is to bake a cake.

a. What is the opportunity cost of her decision to play a game?

b. Can Sarah's opportunity cost be reading the book and baking a cake?
Why or why not? _____

OPPORTUNITY COST - PRODUCERS

1. Draw two pictures, one of a **producer** and one of a **consumer**. Below the pictures, explain the difference between a producer and a consumer.

2. How is the opportunity cost of a producer different from the opportunity cost of a consumer? _____

3. Write the **opportunity cost** of each decision in the blanks.
 - a. Last year, Farmer Smith planted 20 acres of corn and 20 acres of soybeans on his 40-acre farm. This year, he planted 30 acres of corn and 10 acres of soybeans.

 - b. Mrs. Johnson wants to use her vacant building to operate either a pizza restaurant or an insurance business. She decides to operate the pizza restaurant.

 - c. Mr. Williams is a 5th grade science teacher. He only has one week left in the school year. He wants to teach a unit on water resources and a unit on insects, but he does not have time to do both. He decides to teach the unit on water.

 - d. Sarah must decide what to study when she goes to college. She wants to be either a lawyer, a teacher, or an actress. She decides to be a teacher. Her second choice was to be a lawyer, and her third choice was to be an actress.

4. On the back, draw a picture showing a producer having to make a choice between two production alternatives. Identify the choice made and the opportunity cost. Write a paragraph explaining the decision and the opportunity cost.