

# Good essay on opportunity cost

[Sociology](#), [Shopping](#)



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In economics, opportunity cost is the cost of the alternative that is foregone in the favor of another. The opportunity cost arises when a choice requires to be made between two available ones. In this sense, it refers to the benefits that one could have accrued had he chosen an alternative action.

Opportunity costs are subjective in nature. This means that only the person in possession of two alternatives can choose the most attractive from a personal perspective or from a given point of view. Human beings have different aims of philosophy and life and because of this, each has different value outlook on things, from top to bottom. Even for similar activities and goods, different people will take them at varying opportunity costs.

## **First Example**

Here, the buyer has a choice of either buying a Pioneer stereo set worth \$1000 or a Sony one worth \$700. In this case, it would be logical to go for the Sony one because it is cheaper. On the hand, the Pioneer one must be priced that much for a particular reason. It must for instance have a longer life and have superior stereo playing capabilities. The final decision would be based on whether one can live without the superior qualities of the Pioneer

Stereo, buy the Sony one and possibly use the extra \$300 to but something else, for instance a collection of my favorite's musician's album to play on the stereo set.

## **Second Example**

In this case, the two alternatives are buying two large diamond earrings or renovating a kitchen. This is a very subjective decision that once again depends on the nature of the buyer. For instance, an extravagant human being might reason that buying the earrings is the better option because they have value that is visible to all immediately. In addition, one can always save up to renovate the kitchen another time. On the hand, to a rational person, renovating the kitchen might be a better option. Renovating the kitchen would be a more responsible activity, and its value is potentially longer. You might buy the diamond rings only for them to get lost the next instance. In addition, if one decides the diamond rings at this instance, saving up to redo the kitchen later can prove to be a daunting task and one might actually not be able to save that much again.

## **Third Example**

In this case, the choice of two alternatives is between buying a military weapon and overcoming a particular economic milestone for the American people. An individual's choice for a particular alternative is once again subjective. One might argue that the primary need for any nation is defense and if this is assured, then other matters can be explored later. This individual, therefore, would go for the military weapon at first glance. One the other hand, another individual, might argue that empowering the people,

for example, by building the schools or homes is an option that is more viable. People should first be empowered if there are no dangers looming before matters of defense are looked at. In addition, defense will not benefit people in any way if they are safe but have no form of empowerment. In conclusion, it is very clear that although opportunity costs might be taken by some to constitute rigorous arithmetic calculations, at the end it is a subjective matter and the choice of opportunity cost depends on an individual.

## **Works Cited**

Taylor, Timothy. "CONVERSABLE ECONOMIST: The Persuasive Power of Opportunity Costs." CONVERSABLE ECONOMIST. N. p., 21 July 2011. Web. 3 Feb. 2014.