

Television and internet nowadays

[Technology](#), [Internet](#)



Opportunity costs are fundamental costs in economics, and are used in computing cost benefit analysis of a project. Such costs, however, are not recorded in the account books but are recognized in decision making by computing the cash outlays and their resulting profit or loss. Opportunity Streptomycin's Cost- the value of the next best possible alternative that is sacrificed when resources are allocated to a specific use. Or What you would have done if you did not make the choice that you did. * Opportunity costs are not always a number.

Example- It is Friday night and I have a bunch of different activities that I could do. Go to the movies Stay home and watch the baseball game Go out for coffee If I choose to go to the movies, then my opportunity cost would be either option b or c. Opportunity Costs Opportunity costs analyzes only the next best alternative not a whole set of alternatives. Opportunity Costs Opportunity Cost - For example, \$ 20 spent on a CD could have been used to buy a T- shirt. The monetary cost is \$ 20 but the opportunity cost is the T- shirt.

Opportunity Cost The concept of opportunity cost can be easily illustrated using a model called the production possibility frontier. - The model is a graph which shows all the combinations of goods and services that can be produced by an economy given the available resources and level of technology. Static Model : This model is called a 'static model' because it refers to one point in time. It is assumed; that an economy's resources are fixed in both quantity and quality. - Technology is fixed. - The economy can only produce 2 types of goods.

Static Model For example - assuming the economy can produce consumer and capital goods, a production possibility schedule may look as follows: *

Consumer Goods	Capital Goods
100	80
60	75

Static Model - The schedule can be shown graphically and is known as 'A Production Possibility Frontier' or 'Production Possibility Curve'. Opportunity costs in consumption Opportunity cost may be expressed in terms of anything which is of value. For example, an individual might decide to use a period of vacation time for travel rather than to do household repairs.

The opportunity cost of the trip could be said to be the forgone home renovation. Opportunity costs in production Opportunity costs may be assessed in the decision-making process of production. If the workers on a farm can produce either one million pounds of wheat or two million pounds of barley, then the opportunity cost of producing one pound of wheat is the two pounds of barley forgone (assuming the production possibilities frontier is linear). Firms would make rational decisions by weighing the sacrifices involved.