Liberty High School

Economics

Mr. Lopez

Opportunity Cost/ Ice Activity

Study Guide

Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Period:\_\_\_\_\_\_\_\_\_

1. What are trade offs?
2. What is opportunity cost?
3. What was the opportunity cost of not going on the senior water park trip?
4. What was the first decision you made this morning?

**Opportunity Cost Analysis**

**Decision Maker: YOU**

**(The Snooze Alarm)**

|  |  |  |
| --- | --- | --- |
| **Alternatives** | **Get Up Now** | **Do Not Get Up** |
| Perceived Benefits |  |  |
| Choice |  |  |
| Opportunity cost |  |  |
| Benefits refused (cost) |  |  |

1. How was your decision rational?
2. What is the opportunity cost of Mr. Lopez attempting to save $7.00 by reading the Sunday New York Times at the Danville Library?
3. Why would a Liberty student in Brentwood have a much higher opportunity cost in attempting to save $7.00 this way?
4. Use trade offs and opportunity cost to illustrate the “process” of choosing a date for a school dance.
5. How did Mr. Lopez utilize the fantasy/possibility of dating either Enrique or Shakira to illustrate the concept of opportunity cost?
6. How can we use opportunity cost to explain why a women with a college education and career is less likely to have a child that an unemployed immigrant who does not have the same level of education?
7. What changes in family size do economist expect to see from a society that improves the education and employment opportunities for women?
8. What has happened to the average family size in Spain over the last 50 years and how can this change be explained?
9. Why is there very little opportunity cost in the Oakland A’s giving tickets for a Wednesday night game against the Diamondbacks to orphans?
10. Why is there very little opportunity cost for the NY Yankees to donate unsold hot dogs and hamburgers to a food bank after the 8th inning of a game?
11. What is the relationship of wealth to opportunity cost?
12. What is the mattress plan and how does it relate to opportunity cost?
13. Why is using a credit card to make a purchase similar to the mattress plan?
14. Use opportunity cost to explain why it was almost certain that the site of the World Trade Center would be used for a new building and why do many of our cities have skyscrapers?
15. 18. Use Opportunity cost to explain why Mr. Lopez consistently refuses to t accept the offer of a “free” weekend trip to Las Vegas?
16. Use opportunity cost to explain why a lower income person is more likely to smoke than someone with a higher income.
17. Use opportunity cost to explain why a higher income person, a powerful politician, and a candidate for high office is more likely to lie than the average person.
18. Use opportunity cost to explain why there is a round Macy’s in Queens NY.
19. Why was the situation Macy’s faced in attempting to build their Queens NY store similar to the one they encountered when their built their “flagship” store in New York?
20. Why do highly talented people sometimes hire chauffeurs?
21. Why do farmers wait till it rains to run errands in town?
22. Why do movie starts, rock stars, and supermodels have higher divorce rates?
23. Why do Americans feel more pressed for time than their grandparents did?
24. Why do people generally wait when there is a long line for a prescription?
25. Why do stores have express lines and self checking?
26. What products are generally in greater demand during a blizzard?
27. What products are generally in greater demand before a hurricane?
28. What occurred in New York City that resulted in many people sleeping in the streets?
29. Use opportunity cost to explain why these individuals made the choice that they did?
30. How might individuals and/or businesses attempt to “take advantage” or “profit” from these kinds of situations?
31. Can any argument be made in support of those seeking to “profit” this way?
32. Why were people able to purchase water and pizza late in the night?
33. What motivation did the sellers have in selling these items late into the might and what extra costs might they have faced in staying open through the night?
34. What does Wal-Mart do when they predict a storm is heading for Florida?
35. Describe what occurred during this activity.
36. What methods can be used to allocate scarce resources?
37. What methods were used in class
38. Compare and contrast the values derived from the methods used in class?
39. Why or why not do you believe that the first method were the most worthy?
40. How was the concept of opportunity cost a factor for individuals during out first round?
41. Why did opportunity cost decrease in the second round?
42. Why did one method have the effect of increasing the supply of ice?
43. How did the increased price in the second round bring demand and supply together?
44. What substitutes could a person have used for ice?
45. Why might an individual pay a really high or “unreasonable” price or opportunity cost?
46. What are other examples of this unknown variable?
47. Why can it be said that price gouging actually benefits society during a crisis?
48. What happened to the price of gas, lumber, hotel rooms etc in Louisiana after Katrina and in Florida after storms there?
49. Why did some people complain after wards?
50. What did some politicians do as a result of these complaints?
51. How do economists view these price increases and how can they be defended?
52. How did “greed” allocate resources such as gas or lumber to those who really needed it?
53. How did “greed” better allocate our ice during our activity?