**Opportunity Cost**

Definition of **opportunity cost:**

Outline where an **opportunity cost** may occur in these situations:

a) Tesco deciding whether to carry on expanding their new chain of American ‘Fresh ‘n Easy’ stores during late 2008/early 2009.

b) The board of Reading FC deciding whether or not to build a new, much bigger, stadium in Reading.

c) Phillip Hammond deciding whether or not to reduce taxes by £20 billion in the 2018 pre-budget report.

d) Wokingham Borough Council turning off street lamps at night to save £36,000 a year.

Identify the impacts (costs/benefits) of the following scenarios upon **consumers, producers** and the **government**.

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| --- | --- | --- | --- |
| **Scenarios** | **Consumers** | **Producers** | **Government** |
| *Government increases VAT by 10% on chocolate.* |  |  |  |
| *Producers across the UK no longer offer plastic carrier bags* |  |  |  |
| *1 in 5 consumers aged 16-25 are now vegetarian.* |  |  |  |