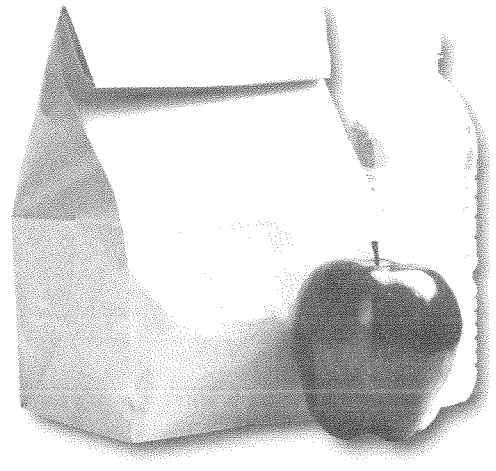


Opportunity cost at lunchtime

Rachel Cole, teacher at Cheltenham Ladies' College and a Principal Examiner, illustrates the meaning of a key economics concept from everyday life



In this column we look at how economics crops up everywhere in our everyday lives. It features ideas from your course which can be used in what we hope is a context you know well, and will help you to think about economics even when you are not sitting at your books and files.

At my school we have a really long lunch break. (Before you get too jealous, I should mention that we don't finish afternoon lessons until 4.40pm.) It's long enough for me to mark a pile of essays, to see students with queries, or to sit in the park and top up the tan from the summer. And there's the important business of lunch itself. I can buy it in the dining room with other teachers, eat with students whilst 'on duty' or – because I live close by – I can go home. All these choices highlight one of the most important concepts economists ever consider: that of opportunity cost. Although I don't pay for any of these things with cash (or at least, very little), there is still a cost to me when I choose one course of action over all the others. The best alternative that I give up when I make any choice is known as the **opportunity cost** and it's far more significant to a time-pressed teacher than the pounds and pence involved.

So on Monday morning it's sunny and I hop on my bike to go home for lunch. It's great to get out and see a bit of the real world, and I enjoy the exercise. I can read the post at home, and check the messages, and use up the leftovers from the Sunday roast. A free lunch? No. When I get back to school there is a mountain of emails and marking, and a note from a student that wants to meet up.

So on Tuesday, although it's still sunny, I stay at school for lunch. I meet with my tutee and we talk about university choices. After that I crack on with my marking. But come the last lesson of the day and I feel dreadful. I'm not teaching with the same enthusiasm and my words come out more slowly. The biggest problem is that I can only mark at half the speed when I do some marking later in the day. The cost of doing the work at lunchtime is that I feel really tired because of not taking a break.

Wednesday it is threatening rain. I decide to cycle home anyway and I get caught in a storm on the way back into school. By Friday I have a terrible cold, and I call my colleagues to say I'd better not come in. That's the cost of going home for lunch, they tell me.

What, in these cases, is the *opportunity cost*? It is certainly not *everything* that has been given up. If by going home for lunch I gave up the tutor time, the marking, staff room lunch and the sunning in the park then I certainly wouldn't have chosen to go home. But let's imagine I line up all the things I could do in rank order, with going home top, tutor time second and so on. If I don't choose the top one then I could have the second, and if I don't do the second I could have the third, and so on. So by choosing the top of my list I'm giving up the next best option, and this is what we mean by *opportunity cost*. I *could have had* tutor time but I *chose* lunch at home. The money cost is not the issue when I make my choice, but **what I gave up** to get what I selected.

So was the cost of going home for lunch the cold that I caught in the rain? No, not for an economist. The cost was the good health that I would have had if I had been more careful. We can sometimes assign a money value to this. If I'm ill, someone else has to teach my lessons, and that person has to be paid in money or will have to give up their time from other activities – that is, the opportunity cost is not being paid by me but by my colleagues who have to cover for me. Is the cost of lunch in the staff room the pound or two in money? No, it's the zipping along on my bike and feeling refreshed for afternoon classes. Taking a packed lunch costs me quite highly because I have to get up earlier to make the lunch, and when I eat it I'm not networking with my colleagues about issues at school. So having sandwiches in the park rather than staying at school could turn out to be quite an expensive lunch, after all. It all depends on what has to be given up when a choice is made.

Key words

Opportunity cost · Trade-off