

Answer on Question #44211 – Economics - Microeconomics

Task

What is opportunity cost ? If a resource can only produce 50 units of bread and it does not have any other users, what will be the opportunity cost of producing 50 units of bread? Explain.

Solution

The opportunity cost of a choice is the value of the best alternative forgone, in a situation in which a choice needs to be made between several mutually exclusive alternatives given limited resources. If a resource can only produce 50 units of bread and it doesn't have any other users, the opportunity cost of producing 50 units of bread will be zero, because there is no other alternatives.