**Questions on Opportunity Cost**

**1) Your opportunity cost of taking this course is:**

a. The tuition you paid for the course.

b. The benefit of the activity you would have chosen if you had not taken the course.

c. The benefit of taking this course.

d. The cost of the activity you would have chosen if you had not taken the course.

**2) Jodi and Amy both attend the same college and have the same expenses for tuition, books, and supplies. However, Jodi is a famous actress who could earn $10 million per year if she were not attending college, while Amy could earn $15,000 a year serving hamburgers if she were not attending college. It follows that:**

a. The opportunity cost of attending college is the same for both Jodi and Amy.

b. The opportunity cost of attending college is greater for Jodi than Amy.

c. The opportunity cost of attending college is greater for Amy than Jodi.

d. The opportunity cost of attending college for Jodi and Amy cannot be compared.

**3) Tuition and fees at a state university are $5,000 per year. If Sara starts college this year she must quit her $25,000 per year job. Tyler is unemployed and also thinking of going back to school. Based on this information, which of the following is correct?**

a. The opportunity cost of attending the university is the same for each student.

b. Sara’s opportunity cost of attending the university is greater than Tyler’s opportunity cost of attending the university.

c. Tyler would be more likely to attend the university if he suddenly found a full-time job.

d. Tyler’s opportunity cost of attending the university is greater than Sara’s opportunity cost of attending the university.

**4) Christie is choosing between Hong Kong and the US to complete her university education. Cost of studying in the US will increase when**

A) The number of scholarships offered by the universities in the US increases.

B) The tuition fee of the universities in Hong Kong increases.

C) The university graduates of Hong Kong become less competitive in the job market than those of the US.

D) The standard of professional training programs offered by the universities in Hong Kong improves.

**5) Mary is choosing between two ways of spending her Christmas vacation: to work for her uncle and earn $3 000 or to join a cultural tour to Beijing.**

Which of the following will lower Mary’s opportunity cost of working for her uncle?

A) Mary’s uncle reduces her wage to $2 000.

B) The fee for the cultural tour decreases.

C) An attractive section of the cultural tour is cancelled.

D) Mary’s uncle agrees to employ her best friend to work with her.

**Challenge Questions**

**6) Manchester United visited Hong Kong for a friendly match but the team found the pitch in the Hong Kong Stadium had been damaged by prolonged rain and considered cancelling the match. Taking into account that they are professional players, the opportunity cost for Manchester United to continue playing in such a poor pitch would \_\_\_\_\_\_\_\_\_ because \_\_\_\_\_\_\_\_\_.**

A) increase ... ... there was a higher chance for the players to get injured

B) increase ... ... the team was likely to have poor performance

C) remain unchanged ... ... the expense on the visit to Hong Kong had already been paid

D) remain unchanged ... ... the players spent the same amount of time in Hong Kong

 **7) David can choose to take the MTR or a bus to Yuen Long. Suppose the required travel time and the fares of both options are the same in a normal situation. Which of the following will result in an increase in the opportunity cost of travelling to Yuen Long by MTR?**

A) The air-conditioner on the bus is out of order.

B) The traffic jam makes the bus trip 15 minutes longer.

C) A signalling problem causes the travel time of the MTR to increase by 15 minutes.

D) David feels annoyed about the news broadcast in the MTR train.

**8) Which of the following situations will increase the opportunity cost to Year 12 graduates of receiving a university education?**

(1) The university undergraduate programme increases from 3 years to 4 years.
(2) The wage rate of Year 12 graduates increases.
(3) The academic performance of university graduates generally declines.

1. 1 and 2 only
2. 1 and 3 only
3. 2 and 3 only
4. 1, 2 and 3