

OPPORTUNITY COST

► SCENARIO 1

Plutopia can produce 3 spaceships or 12 telescopes in one day.

OPPORTUNITY COST FOR 1 SPACESHIP
4 telescopes
OPPORTUNITY COST FOR 1 TELESCOPE
0.25 spaceships

Earth can produce 1 spaceship or 20 telescopes in one day.

OPPORTUNITY COST FOR 1 SPACESHIP
20 telescopes
OPPORTUNITY COST FOR 1 TELESCOPE
0.05 spaceships

Which planet has the lowest opportunity cost for spaceships?	Plutopia
Which planet has the lowest opportunity cost for telescopes?	Earth

PLUTOPIA SHOULD SPECIALIZE IN:
Spaceships

EARTH SHOULD SPECIALIZE IN:
Telescopes

► SCENARIO 2

Plutopia can produce 100 tonnes of copper or 1,200 tonnes of iron in one day.

OPPORTUNITY COST FOR 1 TONNE OF COPPER
12 tonnes of iron
OPPORTUNITY COST FOR 1 TONNE OF IRON
0.08 tonnes of copper

Earth can produce 600 tonnes of copper or 400 tonnes of iron in one day.

OPPORTUNITY COST FOR 1 TONNE OF COPPER
0.6 tonnes of iron
OPPORTUNITY COST FOR 1 TONNE OF IRON
1.5 tonnes of copper

Which planet has the lowest opportunity cost for iron?	Plutopia
Which planet has the lowest opportunity cost for copper?	Earth

PLUTOPIA SHOULD SPECIALIZE IN:
Iron

EARTH SHOULD SPECIALIZE IN:
Copper