

Section 2: Guided Reading and Review

Opportunity Cost

A. As You Read

As you read Section 2, fill in two supporting facts or details under each main idea by answering each question.

Main Idea: Trade-offs are alternatives that people give up when they choose one course of action

1.	Who makes trade-offs?	
2.	Why do decisions involve trade-offs?	

Main Idea: Opportunity cost is the most desirable alternative given up as the result of a decision.

- 3. How does opportunity cost vary?
- 4. Why does opportunity cost vary?

Main Idea: Deciding whether to do or use one more or one less unit of some resource is thinking at the margin.

- 5. What does thinking at the margin help with?
- 6. What does thinking at the margin help compare?

B. Reviewing Key Terms

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In what way are trade-offs and opportunity costs alike?
How does an opportunity cost differ from a trade-off?
What are "guns or butter" decisions?
How does thinking at the margin change the decision-making process?