Scarcity
Economics, McDougal-Littel... Appended by Mr. Z

The Problem of Scarcity

Every society has an economic problem. That problem is called scarcity. Scarcity is the situation that occurs when demand for a certain good, service or resource exceeds (is greater than) supply. It seems that humans have unlimited wants and limited resources, and not everyone can have as much of everything that they want. It is this reason alone that we study economics. You see, if scarcity did not exist and we COULD have as much of everything that we wanted, there would be no reason to understand ways of efficiency, of resource management, and a long list of other issues that face: our country, our society and the individuals of the world.

Dealing With Scarcity

A society can deal with the problem of scarcity, unlimited wants and limited resources...high demand and low supply, in four ways.

1. People can simply do without some of the things they want. Selecting the most important goods and services and doing without the others is by far the most widespread way of dealing with scarcity.

2. People can create more resources. At times, new natural resource locations, such as oil fields, can be found. Workers can be taught new skills. Better tools can be invented. All these things make it possible to produce more goods and services so that people can have more of what they want.

3. People can produce more by making better use of the resources they have. People can be more efficient in the way that they use the resources that they already have. The sun has always been a resource that has been available to people. In the past years, people have begun to make better use of the sun for heating homes and generating power.

4. People can redistribute goods and services so that everyone has enough... that is, no one has too much and no one has too little. Taxing adults to provide schools for children is a simple form of redistribution.

Each of these four ways of dealing with scarcity is limited and not totally satisfactory.

Doing Without...

The first method, simply doing without, is often unpleasant and sometimes dangerous. Doing without a new CD or skateboard may be unpleasant. For people living in poverty, though, the choice may be between enough food and enough health care. This problem can often be dangerous.

Creating More Resources...

This method is often desirable, but not always possible. One of the most basic resources is land... a very difficult resource to create. Some cities, such as Amsterdam in the Netherlands, Boston and Chicago have built up land that was once covered with water. This method, though, is costly and difficult. At times new resources may create additional problems. In the 1950's, the new resource of nuclear energy was viewed as an unlimited source of low-cost energy. However, in the 1980's safety problems related to nuclear energy have appeared. Some it these problems may never be solved. Until inexpensive solutions are found, nuclear energy will not end the problem of scarce energy.

Making Better Use of Existing Resources...

Many people, for example, recycle products. Recycling is the process of using materials more than once. Since the 1960's growing numbers of people have been taking their old newspapers, tin and aluminum cans, glass and scrap metal to local recycling centers. These materials then are used to make new products. Even recycling, though, has its limits. Not all materials can be recycled.

Another way to do this is to use resources more efficiently. Instead of making 1970's style, gas-hog automobiles, cars can be made to be more fuel-efficient and use less gasoline. This conserves oil and gasoline resources.

Redistribute Goods and Services...

The fourth method is often difficult. People who have more than others are usually reluctant to give up what they have. For example, in the USA, 1 doctor serves every 612 persons. In wealthy areas, that ratio is 1 doctor for every 350-400 persons. In poor and rural areas, 1 doctor provides for 900-1000 persons. Americans in wealthier communities with more doctors may be reluctant to lose their doctors to poorer areas. Further, those doctors themselves would probably oppose efforts to even out their distribution in the country.

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