

Module: English for Economic Purposes (English 1)

Level: 1st year Master students

Department: Economic Dep.

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Lecture five : Scarcity

Our resources are limited. At any one time, we have only so much land, so many factories, so much oil, so many people. But our wants, our desires for the things that we can produce with those resources, are unlimited. We would always like more and better housing, more and better education – more and better of practically everything. If our resources were also unlimited, we could say yes to each of our wants – and there would be no economics. Because our resources are limited, we cannot say yes to everything. To say yes to one thing requires that we say no to another. Whether we like it or not, we must make choices.

Scarcity and the Fundamental Economic Questions The choices we confront as a result of scarcity raise three sets of issues. Every economy must answer the following questions:

1. What should be produced? Using the economy's scarce resources to produce one thing requires giving up another. Producing better education, for example, may require cutting back on other services, such as health care. A decision to preserve a wilderness area requires giving up other uses of the land. Every society must decide what it will produce with its scarce resources.

2. How should goods and services be produced? There are all sorts of choices to be made in determining how goods and services should be produced. Should a firm employ a few skilled or a lot of unskilled workers? Should it produce in its own country or should it use foreign plants? Should manufacturing firms use new or recycled raw materials to make their products?

3. For whom should goods and services be produced? If a good or service is produced, a decision must be made about who will get it. A decision to have one person or group receive a good or service usually means it will not be available to someone else. For example, representatives of the poorest nations on earth often complain that energy consumption per person in the United States is 17 times greater than energy consumption per person in the world's 62 poorest countries. Critics argue that the world's energy should be more evenly allocated. Should it? That is a —for whom question.

So, every economy must determine what should be produced, how it should be produced, and for whom it should be produced.

Answer the following questions

A. Say if the sentences concerning Text 1A are true or false.

1. Economics is an exact science that deals with numbers and shapes.
2. Economics does not involve people and their behavior.
3. Economics uses a scientific approach in its investigation of choices.
4. We have so much land, so many factories, so much oil, and so many people, – so our resources are unlimited.
5. No matter whether we like it or not, we must make choices.
6. The first question that economy must answer is —Where can we get money for production?
7. Every society must decide what it will produce with its scarce resources.
8. It is not important for a producer to know who will get his products and services.
9. A decision to have one person or group receives a good or service usually means it will not be available to someone else.

B. Answer the following questions.

1. Why can economics be called a science?
2. What ideas does selecting among alternatives involve?
3. How do you understand the idea of scarcity?
4. What are the three fundamental economic questions?
5. Why should we always make choices?
6. Can we say —yes! to everything? Why?
7. Explain the idea of how should goods and services be produced.
8. How do you understand the idea of —for whom should goods and services be produced?