

TODAY:

BIG IDEAS

ONE.

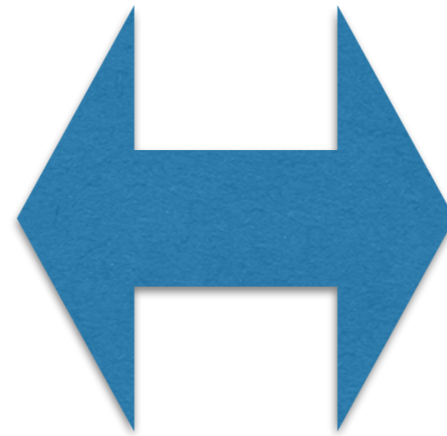
SCARCITY

“SCARCITY IS THE FUNDAMENTAL
ECONOMIC SITUATION.”

FUNDAMENTAL CONDITION:

SCARCITY

LIMITED
RESOURCES



UNLIMITED
DESIRES

TWO.

CHOICES

“BECAUSE OF SCARCITY,
EVERYONE MUST MAKE CHOICES.”

EVERYONE MUST MAKE CHOICES



Choices:

1. **WHAT** to make

2. **HOW** to make it

3. **FOR WHOM** to make it

Do we make things to meet the needs of all?

Or do we make things to meet the desires of those who have the money to buy it?

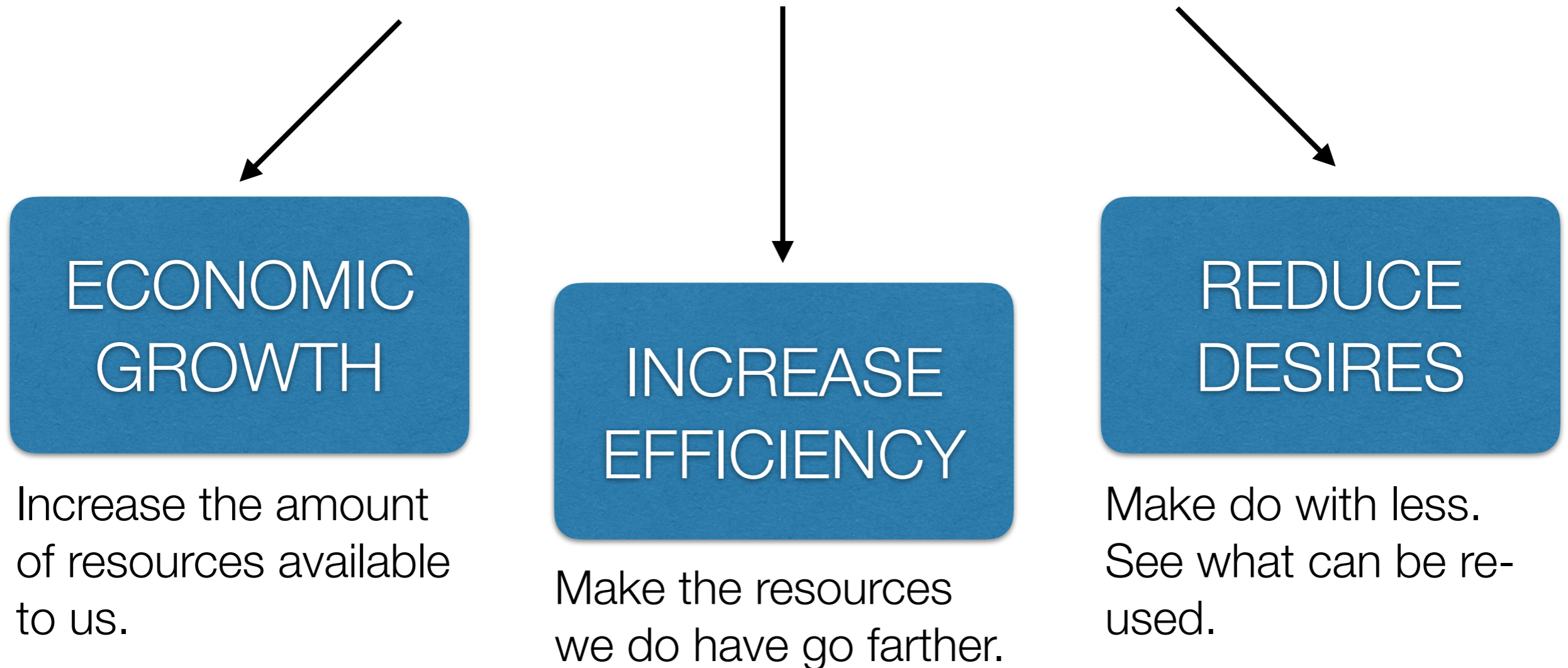
Or both?

If they are in conflict, to which do we give priority?

EVERYONE MUST MAKE CHOICES



Societies, businesses, organizations, families and individuals have 3 main ways of dealing with scarcity:



THREE.

OPPORTUNITY

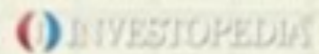
COST

“CHOICES INVOLVE TRADEOFFS.

EVERY CHOICE CARRIES AN

OPPORTUNITY COST.”

OPPORTUNITY COST IS WHAT A PERSON SACRIFICES WHEN THEY CHOOSE ONE OPTION OVER ANOTHER



| Who is making the choice? | What they choose | The opportunity cost (what they could have had) |
|---------------------------|---|---|
| BUSINESS | <input type="checkbox"/> New computers <input type="checkbox"/> New workers <input type="checkbox"/> Office party | <input type="checkbox"/> New fax <input type="checkbox"/> Delivery van <input type="checkbox"/> Pay for boss! |
| GOVERNMENT | <input type="checkbox"/> Unemployment benefit <input type="checkbox"/> Weapons | <input type="checkbox"/> New roads <input type="checkbox"/> More hospital beds |
| INDIVIDUALS | <input type="checkbox"/> Mars bar <input type="checkbox"/> T-shirt <input type="checkbox"/> Beach holiday | <input type="checkbox"/> Twix bar <input type="checkbox"/> DVD <input type="checkbox"/> Fixing the roof |