



UNIVERSITY OF THE PEOPLE

ECON 1580-01-INTRODUCTION TO ECONOMICS-AY2024-T3

LEARNING JOURNAL UNIT 1

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Scarcity

When there are limited resources available while the wants tend to be unlimited, scarcity arises. Scarcity means having to decide between possible options when it is impossible to have or do everything that is desirable. Because resources like time, money, skills, goods, or natural resources are restricted, selecting one choice with these limited resources necessitates relinquishing another valuable option. There must be trade-offs made when there is scarcity (Rittenberg & Tregarthen, 2009).

Opportunity Cost

Opportunity cost describes the potential benefits that are given up when an alternative is chosen over the next best available option. When making any decision, selecting one course of action eliminates the ability to pursue other attractive choices due to scarce resources. So, the opportunity cost represents the value of the foregone alternative option which could have been gained if a different decision had been made. It helps assess the sacrifice related to specific choices that must be made between competing alternatives. Evaluating opportunity costs is essential to determine if the best option is chosen based on preferences and priorities (Rittenberg & Tregarthen, 2009).

As a busy student trying to balance academics, work, and life, I often face difficult choices due to scarcity of time and money. Recently, I was presented with two appealing but mutually exclusive options that forced me to consider opportunity costs and make trade-offs.

I was offered a lucrative scholarship that would significantly reduce my tuition fees and living expenses. However, I also received a job offer that perfectly aligned with my career aspirations but demanded over 20 hours per week. As much as I wanted to accept both, it was impossible given my packed schedule. This exemplified scarcity in my life - specifically, the

scarcity of time. With only 24 hours in a day, I didn't have enough time to excel at school, while also working 20+ hours weekly. Time was the limited resource I had to consider when making my decision.

I explored two alternatives - pursuing a scholarship to alleviate financial pressures or taking the career-oriented job and gaining relevant experience. Ultimately, I decided to decline the job offer and accept the scholarship. While the income from the job would have been helpful, the scholarship offered me an opportunity to focus more on academics and graduate sooner, with less debt.

However, this choice had an opportunity cost - giving up the chance to gain professional experience and build my resume. But considering my goals, I determined the scholarship was more aligned with my priorities. The opportunity cost was justified by the benefits of reduced expenses and greater availability to concentrate on coursework.

In other scenarios also, scarcity and opportunity costs have shaped my decisions. Recently, I had to choose between enrolling in two courses - one that was very career-relevant but time-intensive, and another that seemed interesting but less directly applicable. With a demanding work schedule, I simply didn't have time for both, exemplifying scarcity. I chose the career-aligned course, and the opportunity cost was missing out on learning something new but less essential.

Concepts of scarcity and opportunity costs are fundamentally important economic principles. Scarcity refers to the limited availability of resources like time, money, skills, etc. to satisfy all possible uses and desires. Opportunity cost represents the value of the next best alternative given up when deciding. Both underpin key economic problems societies face regarding resource allocation. In my personal life, these principles prominently guide my decision-

making whenever I must make trade-offs, whether in my studies, career, or finances. Understanding scarcity and opportunity costs is crucial for individuals and organizations to use limited resources efficiently.

Reference:

Rittenberg, L. & Tregarthen, T. (2009). Principles of Economics. Flat World Knowledge.

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