Learning Journal Unit 1

Department of Computer Science, UoPeople

ECON 1580-01 Introduction to Economics - AY2025-T1

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**Scarcity and Opportunity Cost in Decision-Making**

In the realm of economic literacy, the concepts of scarcity and opportunity cost are crucial in understanding how individuals make decisions in the face of limited resources. As a full-time student, my resources are constrained by time, energy, and finances. Each decision I make requires careful consideration of how these resources are allocated, especially when presented with two attractive but mutually exclusive options. This scenario perfectly illustrates the practicality of economic concepts in real-life decision-making.

### Scarcity in My Life

One evening, I was faced with a tough choice: I could either accept a scholarship to continue my studies or take a part-time job that aligned with my career goals. Both opportunities were appealing, but the limitations of my resources forced me to pick just one. The scarcity of time and energy played a significant role in my decision-making process. As a student, my time is already heavily consumed by academic responsibilities, and adding a job would further deplete my energy reserves. The scholarship, on the other hand, would allow me to focus solely on my education and personal development without the added stress of balancing work and studies.

In this scenario, time and energy were the key limited resources. My decision to prioritize the scholarship highlights how scarcity influenced my choice. By acknowledging that I couldn’t take on both responsibilities without compromising my academic performance, I recognized the necessity of focusing on one opportunity.

### Trade-Offs and Opportunity Cost

The trade-off I faced was between immediate financial gain from the part-time job and long-term educational benefits from the scholarship. If I had chosen the job, I would have gained valuable work experience and some financial stability. However, this would have come at the cost of dedicating time and energy to my studies, potentially impacting my academic performance. By choosing the scholarship, I invested in my education with the hope of securing a higher-paying job in the future.

The opportunity cost of accepting the scholarship was the part-time job. I gave up immediate financial income and career-related experience to focus on my education. This decision was based on the belief that the long-term benefits of the scholarship would outweigh the short-term gains of the job. Opportunity cost, in this case, is not just about the financial loss but also the experience and career growth that I might have gained from the job.

### Another Scenario of Scarcity and Opportunity Cost

In another instance, I faced a similar dilemma when deciding between attending a professional development workshop and working on an important school project. The workshop offered valuable skills that could boost my career prospects, but I was already running short on time to complete my project. The scarcity of time forced me to prioritize my academic responsibilities, knowing that failing to complete the project could negatively impact my grades. The opportunity cost of focusing on my project was missing out on the workshop, and the potential skills and networking opportunities it offered.

In both scenarios, scarcity and opportunity cost were key factors that shaped my decision-making process. They forced me to evaluate my limited resources and consider the long-term consequences of my choices.

### Linking to Broader Economics

These personal decisions reflect broader economic principles, particularly the idea that resources are finite and must be allocated efficiently. Scarcity and opportunity cost are fundamental to economics because they help explain how individuals, businesses, and societies make decisions about resource allocation. In my case, time, energy, and finances were scarce resources that needed to be carefully managed. By understanding the trade-offs involved in each decision, I was able to make choices that aligned with my long-term goals.

Economics is fundamentally about choices—how we prioritize our limited resources in order to meet our needs and wants. Scarcity forces us to make these decisions, and opportunity cost helps us measure the potential benefits we forgo when we choose one option over another. This understanding is essential for making informed decisions, both in our personal lives and within the larger economic system.

### Conclusion

Scarcity and opportunity cost are integral to decision-making, especially for students like me who face numerous competing demands on their time, energy, and finances. By recognizing these economic concepts in my personal life, I am better equipped to make thoughtful decisions that will benefit me in the long run. These concepts are not only key to understanding economics but are also practical tools for navigating life’s everyday challenges.

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**References**

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