



SS1 Economics – Week 2

Topic: Meaning of Economics and Related Concepts (Part 2)

Subtopics:

1. Concept of Want and Scarcity
2. Scale of Preference and Choice
3. Opportunity Cost

◆ 1. Concept of Want and Scarcity

✨ A. What are Wants?

Wants are the desires or needs that individuals or society aim to satisfy in order to improve their standard of living. They represent everything that people would like to have, whether essential or luxurious.



Types of Wants:

1. Basic Wants (Necessities):

These are essential for survival and wellbeing. Without them, human life is

difficult or impossible.

Examples:

Food and water

Shelter (a place to live)

Clothing

2. Secondary Wants (Comforts and Luxuries):

These are not essential for survival but make life more enjoyable and comfortable.

Examples:

Mobile phones

Television

Cars

Air conditioners



Features/Characteristics of Wants:



Unlimited: Human wants are never-ending. Once one is satisfied, another arises.




Recurrent: Some wants return regularly, like eating or sleeping.



Competitive: Since we can't satisfy all wants at once, we must choose between them.



Complementary: Some wants go together. For example, a car and fuel, pen and paper.

 Varies by Person and Society: What one person needs may not be needed by another. For example, a farmer may want a hoe, while a student may want a laptop.

 B. What is Scarcity?

Scarcity refers to the condition in which human wants exceed the available resources to satisfy them. It is the fundamental economic problem.

> Definition: Scarcity is the limited nature of society's resources in comparison to unlimited human wants.

Examples of Scarcity:

A student has ₦500 but wants a ₦700 meal.

A country has limited land and must decide between using it for farming or industry.

Government has ₦1 billion, but ₦3 billion is needed to fix all roads and schools.

Why Scarcity is Important:

It affects everyone, regardless of status.

It is unavoidable, because no economy has infinite resources.

It forces individuals, firms, and governments to make choices and set

priorities.

◆ 2. Scale of Preference and Choice

✨ A. What is Scale of Preference?

A scale of preference is a list of wants or needs arranged in order of their importance or priority. It helps individuals or societies to decide which wants to satisfy first with the limited resources available.



Example:

Let's say you have ₹1,000. Your wants

include:

1. Buy a new textbook – ~~₦~~600
2. Buy lunch – ~~₦~~400
3. Buy a game card – ~~₦~~300
4. Recharge your phone – ~~₦~~200

With ~~₦~~1,000, you can only afford some of these. A proper scale of preference helps you decide what to choose first (probably the textbook and lunch) and what to leave for later (game card and recharge).



Importance of Scale of Preference:

Helps in effective budgeting

Aids in economic planning at all levels
(personal, household, national)

Assists individuals in making rational
decisions

Ensures resources are used in the most
beneficial way

✨ B. What is Choice?

Since resources are scarce, and human wants are many, we must make choices. Choice in economics refers to the act of selecting one want from two or more alternatives.



Practical Examples of Choice:

Individual: Choosing between saving or buying shoes.

Family: Deciding whether to rent a bigger apartment or save for a car.

Government: Deciding to fund education instead of building a new stadium.



Why Choice is Important:

Every time we choose one option, we forgo others.

Choices determine how resources are allocated.

Choices influence our future satisfaction and success.

◆ 3. Opportunity Cost

✨ Definition:

Opportunity Cost is the value of the next best alternative forgone when a choice is made. It is also called real cost.

> It is not necessarily measured in money—it can be time, resources, or satisfaction.

Examples of Opportunity Cost:

1. If a student chooses to study instead of watching a movie, the opportunity cost is the entertainment from the movie.
2. If the government spends ~~₦~~2 billion on a military base instead of on hospitals, the hospitals are the opportunity cost.
3. If a young graduate chooses to start a business instead of taking a job offer, the job (and its income) is the opportunity cost.



Why Opportunity Cost Matters:

Encourages better use of scarce resources.

Makes people aware of what they are sacrificing.

Promotes rational decision-making at all levels.

Highlights the trade-offs involved in every economic decision.



Connection Among All Concepts:

Concept	Description	Relation to Others
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Wants	Human desires and needs	
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Create the need for choices and allocation of resources

Scarcity Limited resources Forces

individuals and societies to choose

Scale of Preference Ranking of wants

based on priority Helps guide choices when resources are scarce

Choice Selecting one want over others

A response to scarcity using scale of preference

Opportunity Cost The next best alternative forgone The result or consequence of making a choice



Conclusion

In Economics, we study how to manage scarcity and make smart choices among our many wants. We use a scale of

preference to prioritize and understand that every decision involves an opportunity cost—something we must give up.

Understanding these concepts is the foundation of economic reasoning.

Whether you're a student, worker, entrepreneur, or president, these ideas help you use your resources wisely.

