

Scarcity as one of the basic economic problems

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The basic economic problem (or at least one of) is scarcity. Scarcity is a problem that happens due to humans' wants for merchandise and services are infinite, but the resources essential to our wants are limited. The idea of all economic activity is the creation of merchandise and services with the very restricted amount of resources available. This on top of trying to satisfy the greatest number of consumer's needs and wants as possible. The intention is to attempt to meet the needs of as many people as possible while maximizing profit.

What is the difference between physical and psychological wants?

Physical wants are wants of the body. Whereas psychological wants are wants of the brain.

What factors affect an individual's standard of living?

A standard of living is the rank of wealth, comfort, resources and needs made available to a particular class or area. Factors that have an impact of the standard of living include income, gross domestic product (GDP), national economic growth, economic and political stability, political and religious freedom, environmental quality, climate and safety. The standard of living is linked to quality of life.

What is opportunity cost?

Opportunity cost shows the upsides of an individual, investor or business misses out on choosing one possible choice over another. Financial reports don't show opportunity cost. Companies can use opportunity cost to make an estimation when they happen to have multiple options before them. Identify three different opportunity costs, one at the national level, one at the

provincial level, and one at the municipal level. A national opportunity cost issue that the government has is deciding how to spend our country's taxes. The government has to decide how much to spend education and health. And how much to allocate for national defence, other departments and agencies which we spent \$97. 15 billion dollars on this alone in 2016-2017, leaving not as much money for health care and education. The government must balance this as well as keep taxes low for citizens. On a provincial level the BC government decided to quit on their commitment to make the carbon tax revenue neutral. On April 8 the carbon tax went up \$5 a tonne. The government decided to use this money on funding projects that cut down on carbon usage. This means less funding for roads and highways, education, etc.

In Vancouver, the city decided to spend \$125 million on low cost housing in the 2015-2018 Capital Plan. The city also has 20 housing sites worth \$250 million in hopes to deliver 3, 500 low cost housing units. This is the most Vancouver has ever spent on housing. This investment in housing means a lot less of our city's budget can be spent on safety, the environment, etc. Describe an opportunity cost from your personal life. When my family was painting my house we first thought that it would be cheaper to do it all ourselves. Then we realized the days my parents would have to take off of work, the time to go and buy paint and learn about paint, and physical strain on painting a house. It would be much cheaper to hire someone.

What is the concept of scarcity?

Scarcity is the issue of having never ending consumer wants and needs with limited resources. For example fish. Consumers want loads of fish but this

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world only has so much fish. This problem leads the bigger issue of overfishing. More than 30 percent of the world's fisheries have been pushed beyond their biological limits and are in need of strict management plans to restore them.

How does scarcity differ from shortage?

Scarcity is a consistent limitation whereas shortage is a market condition of a specific product at a specific price. Differentiate between nominal GDP and Real GDP. Real GDP are adjusted for inflation, while nominal values are not. Nominal GDP is not. Nominal GDP is the complete financial worth of final output which the economy is able to create at current prices.