Scarcity in economic

Economics

In modern society people desire goods and services that provide a more comfortable or affluent standard of living. We want bottled water, soft drinks, and fruit Juices, not just water from the creek. We want salads, burgers, and pizzas, not Just berries and nuts. According to MAC-Connell (2008) " Economics, which is the socialscienceconcerned with how individuals, institutions, and society make optimal choices under conditions of scarcity. " Scarce economic resources mean limited goods and services. Scarcity restricts options and demands choices.

Because we " can't have it all," we must decide what we will have and what we must forgo. Consumers are purposeful in deciding what goods and services to buy. Business firms are purposeful in deciding what products to produce and how to produce them. Government entities are purposeful in deciding what public services to provide and how tofinancethem. Economist develops economic principles and models at two levels macroeconomics and microeconomics. Macroeconomics examines either the economy as a whole or its basic subdivisions, such as the government, household, and business sectors.

Macroeconomics seek to obtain an overview or general outline of the structure of the economy relationship of its major aggregates. We can see it as an economic measure of total output, total employment, total income, aggregate expenditure, and the general level of prices in analyzing various economic problems. On the other hand microeconomics is the part of economics concerned with individual units such as a person, a firm, or industry. At this level economist observe the detail of an economic unit, or very small segment of the economy.

Micro measures the price of a specific reduce, the number of employees in a small business, the revenue of a particular individual. These means individuals and society face economizing problem because their wants exceed their income and they must decide what to purchase and what to for go. Some of the tools we can use to measure this process is a graphically, budget line which is a line in a graph with the various combinations of two products that a consumer can purchase with the specific income, giving the prices of the two products.

Other tools for economist to measure and illustrate society economizing robber through production possibilities analysis. This use tables and curves that show the different combinations of good and services that can be produced in a fully- grown economy. Economists most often use graphs to illustrate their models. By understanding these " graphs" you can more readily comprehend economic relationships. Most of economic principles or models explain relationships between just two sets of economic facts, which can be conveniently represented with two- dimensional graphs.

Since income is the determining factor, we represent it on the rational axis of the graph, as is customary. And because consumption depends on income, we represent it on the vertical axis to the graph, as is also customary. Actually, what we are doing is representing the independent variable on the horizontal axis and the dependent variable on the vertical axis. Also it's very important to understand lines which can be described in terms of their slopes. The slope of a straight line is the ratio of the vertical change to the horizontal change between any two points of the line.

We can concluded that Graphs and lines are a invention and revealing way to represent economic relationships. Over time, technological advances and increases in the quantity and quality of resources enable the economy to produce more of all goods and services, that is, to experience economic growth. Society's choice as to the mix of consumer goods and capital goods in current output is a major determinant of the future location of the production possibilities curve and thus of the extent of economic growth.

References: Mac-Connell, B. (2008). Economics: Principles, Problems, and Policies, (16th De.). :