

# Scarcity and the unlimited wants of mankind



**ASSIGN  
BUSTER**

## **Introduction**

In my view, economic is a study of the how the society uses the scarcity of resource to satisfy the needs and wants of people. Different well-known economists have different interpretations of the economic statement. So, economics is not a specific answer and explanation, It is made of various well-known economists to identify the definition and awareness of economic. As we know that, economics is very important to a country, not only country, it also important to people.

## **Body**

Economics is the study of resources, their scarcity and the unlimited wants of mankind. From this sentence, it was talking about economics is the study of resources, the resources are categories by 4 type of resources. Firstly, the resource of land, the land not only represents a piece of land in a country; the land is containing all the natural resources such as trees, mineral, rivers and etc. Secondly, the resource of labour, the resource of labour is mean that consists of the physical and mental abilities of a worker. The worker able to work according to the job responsibility and job routine, for example of the worker, is engineer, supervisor, manager and so on. Thirdly, the resource of capital, capital refers to goods produced in an economy that are used to produce other goods and services. For example, machines, tools, vehicle and so on. Lastly, entrepreneur, the entrepreneur is mean a person who has to organize resources for production, has an idea and able to introduce new product or techniques of production. Other than this, the person gains the rewards and bears the risks of such endeavours. An entrepreneur's purpose is bringing innovation and risk-taking.

There are 3 basic economic issues which is “ what goods to produce and in what quantities”, “ how to produce them” and “ for whom to produce them”? In these 3 basic economic issues, it will cause the decision making to become many changes as the scarce resources. Besides that, it also will cause the demand changes in the market, it maybe affects the quantities of using the scarcity of resources. In this case, we may choose the most appropriate, efficient, and best option in order to overcome these 3 basic economic issues. Because it can help the producer or manufacturer to make a decision which goods and service to consume and utilize by effective using the scarcity resource.

From this situation, the opportunity cost will occur. What is an opportunity cost? Opportunity cost is mean that the cost of an item measured in terms of alternatives forgone. For example, a financial manager who is living in Johor state and he/she working in Singapore and earn 2500 dollars by the month but he/she need to pay for the bus fees in 300 dollars and take a long time for Johor state to Singapore. Besides that, he/she able to work in Johor state as a financial manager too. The salary by a month is RM 3500 and the company provides transportation, and take a very short time for travel from the company to his/her home. In this situation, the financial manager needs to make a decision in order to make self as convenience as possible and calculate the best reward included the transport fees, so he/she need to foregone one job to satisfy his/her desire. From this, the opportunity cost was related between scare of resource, so a company, firm or organization need to choose the best option to develop.

Different economists have different terms, view and statement to describe and delimit the economics. The most appropriate definition is that by Lionel Robbins who defined economics as ' The science which studies human behaviour as a relationship between ends and scarce means which have alternative uses. Lionel Robbins as a British famous economist was defined economics as the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses. In these phrases, there are few basic propositions emphasized in Lionel Robbins's definition as follows.

Firstly, in this phrase, we talk about what actually meaning of human behaviour. Human behaviour in this phrase is meant that the human has unlimited human wants, even consumer. Basically human is looking for something in needs and wants to full fill their demand and able to reach their satisfaction even same as the consumer are looking for good quality of products and efficiency services. However, human's satisfaction is not fixed such as high demanding or easily satisfies, this also same as a consumer because consumer also has different satisfaction in products and services due to they are post-purchase.

On the other hand, human is always insatiability in their need. The needs have to be satisfied for the life and the wants have to satisfy in order to live comfortably. Besides that, Human is also never feel satisfied as they have something they still want to get something that is better than the things they have. For example, previously we just need phones that can help us call each other, afterwards, we start to want some music in our phones, hence the radio and mp3, afterwards people have more needs, we want to be able

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to watch videos, internet, make video calls and so on. Limitless needs and wants make resources scarce and difficult to sustain. Therefore, needs are never-ending by the human and human was never stop working or keep hard work to earn money in order to satisfaction of their needs.

Next, when human faced many options of wants, they need to choose the best one of the wants in order to achieve their satisfaction based on their limited resource. Based on the Lionel Robbins's theory, it talks about all wants are not same important, some are more important and some are less important, so we have to consider by well which wants is most important and arrange the wants we have by most important to less important. Then we choose the most important one to first and delaying the other wants.

There are 4 basic resources which are land, labour, capital and entrepreneur. Sometimes these four resources will be scarcity it may cause the demand to exceed the supply. So, in order to avoid this situation occur, the decision making must be made by rational. First, lands are being inefficiency in the world, so that the people must be plan out the most effective method for using the limited land. For example, Singapore is a modern country nowadays, Singapore has fast development such as modern building, modern transportation and so on. In order to develop, it needs a large of space of land. Singapore is a country which is small and a narrow, in order to let more people living in Singapore so that, the government construct the high building to the people for live and builds more high building for other uses, thus the lack of land resource problem solved. Of course, the problem has been solved, but it spends much of funds to fetch up the defect, so it will cause Singapore to forego some projects and plans.

Secondly, we talk about the labour, labour is referred that employee and workers which is willing to work and have the ability to work. Labour is a very important one in the 4 resources too, if a company lack of labour, which will cause many problems such as less production, the whole operation might be slowed down and so on. For example, a manufactory was facing less of labour, it caused the production is going slowing down and the packaging department was slow operation too. In order to solve the problem, the manufactory itself has to increase the salary to attract more people to come in the manufactory to work. Besides that, the manufactory also needs to buy the machine to replace the human resource. So that, the manufactory itself will be more efficiency in production, packaging and so on. Although the problem was solved, the net profit of the manufactory will decrease because of spending the income to the worker, it may cause the manufactory itself may foregone some plan or project such as expand the manufactory scale and development of branches.

Thirdly, we talk about the resource of capital. Capital is the items that a manufactory or a company using to produce goods and services such as machines, tools and vehicles. In other hand capital also refers to the real estate of a company or manufactory. Furthermore, a resource of capital is a very close relationship between resource of labour, it is because the capital needs labour to control or use. Resource of capital is quite important to a manufactory, firms, company and so on, it is because they using the resource of capital to serve the customer in order to earn a profit. Resource of capital is a resource which is tangible and intangible, so for the tangible capital resource will going to degradation because of the flow over time. So,

some manufacturing factory or firms will renew update and be buying new capital to replace the old capital. For, example, a new manufacturing factory is full of the capital resource but lack of the technical staff and the capital resource within the new manufactory is used for mass production. In order to fulfil the capital resource being to control, the manufactory's labour resource manager has to hire the workers which able to control the capital to produce the product in the manufactory. If it hired the technical staff successfully, the lack of control of capital is been solved, but the manufactory are spent much of money in the salary to the workers. In this case, the headquarter has to consider by rational to make a decision as able to supply the product to the demand of the consumer as moderate as possible. In order to complete the production, they have to forgo some plans and program such as establish more branches in other areas, buy over the supplier and so on, it is because the new manufactory is spending much of money in the salary of the workers. So, it takes time to earn back the money and the other plans and program will be postponed.

The last resource is the entrepreneur; an entrepreneur is a person who has the ability to organise resources for production and has the ability to introduce new products and services. The entrepreneur also has the ability to bring the innovation of the products and services, the entrepreneur also receives the reward and bears the risks. In economy, scarcity of resource will occur and not excluded entrepreneur. Why will the entrepreneur be scarcity? That was being many factors to cause it. For example, Sabah state was a second largest area of the state in Malaysia; these states are be living most

poverty people, so the people unable to study in school and unable to enter a higher school because of financial problems.

As an entrepreneur, besides having an education background and creativity of idea it also need the resources to produce goods and services such as land, capital, and labour resource. For example, an entrepreneur has idea to produce the product which is cloth, it needs workers, machine and place to produce this product, but the entrepreneur does not have enough too much of funds to buy over the factory and the entrepreneur only have funds to buy the machinery and able to hire some workers to work. So the entrepreneur just has to rent the factory to produce the product. In this case, the entrepreneur have to choose the best way to satisfy his/her wants if the entrepreneur spends the funds to buy over the factory it does not have enough to buy machinery and hire workers. In this scenario, the entrepreneur has to foregone to buy over the factory, so the entrepreneur can produce the product by renting the factory.

## **Conclusion**

In the economy, the land, labour, capital and entrepreneur is very important to a company, manufactory and firms. When the company, manufactory and firms are facing scarcity of the resource, it needs to choose the best wants, arrange the important wants to first and postpone or foregone the less important wants.

Furthermore, decision making is also very important. For the opportunity cost, for example, scarce of the resource is happened in a company, the companies headquarter has to choose the best wants in order to develop



within some wants. In this case, it has to foregone the other wants. If the company' headquarter has had chosen a wants to develop, after a period of time, there are no regret of chosen the wants to develop and no regret do not choose other wants before. So, in this situation, the company's headquarter have to consider by clear and be rational in order to make sure that does not feel regret after the decision is making by over a period of time.

In this assignment, I was learning much of knowledge such as Lionel Robbins's theory and gain some useful information by doing internet research. Besides that, I also had an understood the 4 resources such as land, labour, capital and entrepreneur.