

# Drilling in the anwr

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Drilling in the ANWR Question Opportunity cost is the value of the next best alternative forgone. When the drilling begins it will definitely cause a change in the natural habitat of the arctic. The diversity and population of the animal species will be affected and will be reduced. Not only are they a part of the natural environment, they are also a source of revenue for the country with tourists and the fishing produce. So this is the opportunity cost of the drilling. These will be forgone.

### Question 2

The current administration is in a fix. It has decided though to prefer the drilling compared to the natural habitat. This may be financially much more feasible to the country in general, but in the long term it can have some negative effects. This is because the drilling can cause a lot of problems to the natural habitat. The drilling will cause a damaged environment, one which can not be cured easily.

### Question 3

“ The Congress was in a very close decision making position as they were stuck in a choice of going for the natural habitat or the economic benefits. Because of scarcity, choices have to be made on a daily basis by all consumers, firms and governments. For a moment, just have a think about the hundreds of millions of decisions that are made by people in your own country every single day.

Take for example the choices that people make in the city of London about how to get to work. Over six million people travel into London each day, they have to make choices about when to travel, whether to use the bus, the tube, to walk or cycle - or indeed whether to work from home. Millions of

decisions are being taken, many of them are habitual (we choose the same path each time) - but somehow on most days, people get to work on time and they get home too! This is a remarkable achievement, and for it to happen, our economy must provide the resources and the options for it to happen." (Tutor 2 u)

As the excerpt suggests that the government had the chance and job of making decisions and at times this can get very difficult. The government should have probably allowed for the exploration and the exploitation, however, should have also made sure that the habitat is preserved in the best way possible. These situations are pretty common for governments throughout the world.

Passing the bill would have meant a harmful impact on the environment and the oil could always be imported. Perhaps by saving that oil for the future Congress was actually taking a brave step.

## References

Tutor2u, Markets Scarcity, 2011, <http://tutor2u.net/economics/revision-notes/as-markets-scarcity-and-choice.html>