

# The economizing problem

[Economics](#)



## An Analysis of the Canadian Economy and the problems of Scarcity of Fuels

Canadian economy is facing an economizing problem Scarcity. This happens when the material wants are virtually unlimited and insatiable, while economic resources the means of producing goods and services are limited or scarce. It is quite true that in our affluent society resources are more plentiful than they have been for any other nation or for any other time in history; nonetheless, we describe them as scarce, because they are scarce relative to the wants of the people in our society.

For example, Canadian farmers produce almost 500 million dozen eggs a year. But if grocers distributed these eggs free, we would soon find that if we happened to arrive at the market after lunch, all of the eggs would be gone. Then we would agree that eggs were scarce.

Human wants keep changing and growing. Some derive from basic needs. Others arise because of influences like advertising. These wants, however they may be engendered, cannot all be satisfied because there are not enough resources to produce the desired number of goods and services. Since they cannot all be satisfied, choices will have to be made about what will be produced, how to produce and who gets what. In order to focus on these basic problems, and possible solutions, we have to derive an economic system.

In Canada most decisions are made in the market. Consumers by their dollar votes decide what goods and services will be produced. Businesses, responding to the profits to be made from producing goods and services consumers want, hire the necessary resources. But some of the solutions

given by the market are not acceptable, so Canadian governments intervene and impose different ones. The Canadian economy, then, is a mix economy system, with the market system predominating.

There are some ways to solve this problem. First, Canada must employ all its available resources and producing goods and services at least cost.

Second, the available supplies of the factors of production are fixed in both quantities and quality. They can be reallocated, within limits, among different uses.

Third, the economy is producing only two goods: consumer goods or capital goods. And last, Canada must choose among alternatives. Limited resources mean limited outputs of capital and consumer goods. That is, to increase the production of capital goods, we must shift resources away from production of consumer goods.

Petroleum supply in Canada is an example of scarcity. Petroleum is perhaps the most important natural resource in today's society, after food and water. The most popular use for oil is to be refined into automotive petroleum. This, in turn, can be refined or blended to make unleaded, super unleaded or super leaded fuel. LPG can be used to run cars as well as heating, cooking and power generation. Heating oil can be used in heaters.

Aviation fuel is used in planes because it has a low density and is more suitable for high altitudes. Lubricants can be used in engines, skin creams and other lubricating items. Solvents can be used in cleaning and stripping. Kerosene, while not being as important today as it was sometime ago, can still be used in heating. Bitumen, the most dense petroleum product, is used

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in roads and paving. And refined oil can be used in power generation at power stations.

As petroleum can be used widely, so the demand for petroleum is very high. Canada only produces minority of its petroleum supply; majority is imported from countries in Middle East, so therefore they can control the price of petroleum. If they decided to decrease the production of petroleum, which means petroleum supply in Canada will also decrease.

In order to improve this situation, first Canada must increase its productivity of petroleum. Next, government must be involved in controlling the prices of petroleum and research must be done to reallocate new resources and develop new technology to recycle used petroleum. All these can help to increase the supply of petroleum. As the supply increases, the scarcity of petroleum in Canada also can be improved.

Since society cannot produce everything their members want, Doing the best with what we have is the only way to maximize want satisfaction.