

## The Economic Problem: Scarcity and Population Growth

Exploring the intricate relationship between scarcity and the impacts of population growth on economic systems globally.



- ◆ **Definition of Scarcity**

Scarcity refers to the limited availability of resources versus unlimited human wants.

- ◆ **Economic Choices Explained**

In economics, scarcity forces individuals and governments to make choices about resource allocation.

- ◆ **Understanding Opportunity Cost**

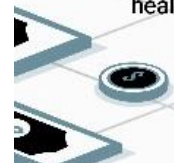
Opportunity cost is the value of the next best alternative forgone when a choice is made.

- ◆ **Trade-Offs in Decision Making**

Every economic choice involves trade-offs, highlighting the need for prioritisation.

- ◆ **Government Budgeting Example**

Governments often face choices like funding education versus healthcare, illustrating scarcity.



# Understanding the Concept of Scarcity

Exploring the implications of limited resources



# Population Growth and Increased Demand

Examining the link between population and demand

- ◆ **Growing population leads to higher demand**


A larger population results in a greater need for various goods and services.

- ◆ **Understanding Demand-Pull Inflation**

Prices increase when the demand for goods surpasses the available supply.

- ◆ **Housing shortages in major cities**

Cities like London and New York face significant housing shortages due to increased demand.



# Understanding Supply & Price Fluctuations

- ◆ **Law of Supply & Demand**

This principle determines the prices of goods based on demand and supply dynamics.

- ◆ **Impact of High Demand**

When demand is high and supply is low, prices tend to increase significantly.

- ◆ **Impact of Low Demand**

Conversely, low demand coupled with high supply typically leads to a decrease in prices.

- ◆ **Elastic Goods**

Elastic goods are luxury items where consumers buy less if prices rise, affecting overall sales.

- ◆ **Inelastic Goods**

Inelastic goods, like food and fuel, maintain stable demand regardless of price changes.

- ◆ **Real-World Example**

Rising oil prices can lead to increased transportation and food costs, illustrating supply and demand effects.





- ◆ **Understanding Cost-Push Inflation**


Increased production costs lead directly to higher consumer prices.

- ◆ **Labour Shortages**

Shortages in the workforce drive wages up, contributing to increased housing costs.

- ◆ **Effects of Crop Failures**

When crops fail, supply decreases, causing prices to surge, as seen in Brazil's coffee drought.



## Scarcity's Impact on Production Costs

# Government Intervention & Solutions

Exploring effective solutions for resource scarcity

## ◆ Policies to Manage Scarcity

Implement policies like subsidies to reduce costs for essential services.

## ◆ Subsidies for Lower Costs

Provide financial support for renewable energy to encourage usage.

## ◆ Tax Incentives for Businesses

Offer tax breaks to businesses to stimulate supply and production.

## ◆ Price Controls Implementation

Establish price limits, like rent controls, to protect consumers in high-demand areas.

## ◆ Investment in Innovation

Focus on advancing technology to boost supply through AI and automation.

## ◆ Sustainable Farming Techniques

Promote sustainable practices to enhance food production and reduce scarcity.

## ◆ Role of Automation

Utilise automation to increase efficiency and output in various sectors.



# Scarcity and Its Management Strategies

Understanding scarcity and its solutions

- ◆ **Scarcity is an inevitable issue**

Recognising that scarcity affects all resource availability is crucial for effective policy formulation.

- ◆ **Smart policies can mitigate impacts**

Implementing intelligent policies can help alleviate the negative effects of scarcity.

- ◆ **Balance is essential for stability**

Finding a balance between resource management, technology, and economic policies is vital for long-term stability.

- ◆ **Resource management techniques**

Utilising sustainable practices in resource management can help preserve resources for future generations.

- ◆ **Technological advancements**

Investing in technology can lead to more efficient resource use and management.

- ◆ **Economic policy considerations**

Adapting economic policies to address scarcity can support growth and stability.

