

Scarcity - R & U - Reason-Based

Q.1. Scarcity and choice go together.

Ans. True. Resources are not only scarce but also have alternative uses. Thus, land can be used for producing wheat or for constructing warehouses or factories. Hence, the problem of choice is the essence of any economic problem. However, if resources were not scarce, one could have anything any time and there would be no problem of choice.

Q.2. Economics is about making choices in the presence of scarcity.

Ans. True. If there were no scarcity, there would not have been any economic problem, or the problem related to 'choices'. In the absence of scarcity (of resources) the concept of unlimited wants does not exist. When resources are not limited and wants are no longer unlimited, where is the problem of choice? The problem of choice then ceases to exist; accordingly, there should not be any economic problem, and no economics as such.