

Name \_\_\_\_\_

## Scarcity and Shortage

Your teacher shared the following definitions with you in class.

### Scarcity

- There simply aren't enough goods or resources in the world to satisfy all our needs and wants.
- At zero price, there is not enough for everyone to have all they want.
- Scarcity always exists.
- Example: The artwork of Picasso is scarce because it's not renewable and there are only a few pieces.
- They can't make more.

### Shortage

- Shortage is price-determined.
- At the current price, people want to buy more than suppliers want to sell.
- Shortage is a man-made choice. Suppliers are "not willing" to make goods available for this amount of money.
- Shortages often go away over time. There is just not much of the good or resource right now.
- Example: A bad crop causes a shortage in rice.
- It's a shortage if "they can make more."

Read the scenarios below.

In each scenario, identify the ITEM that is scarce or in shortage.

Next, tell whether it's a SHORTAGE or SCARCITY.

If in shortage, identify the event, shock, or reason that caused the shortage.

If it's a condition of scarcity, explain why the item is scarce.

*Your work will be checked tomorrow in class. Be sure you understand the differences between scarcity and shortage. You will be quizzed on how well you can apply these definitions.*

Your Assignment:

1. Newly-discovered Beatles recordings are released to an auction house for sale. Recordings are expected to bring up to \$1.5 million each.

ITEM:

SHORTAGE or SCARCITY?

Explain

2. Milk truck drivers across the Commonwealth go on strike. Delivery of milk to Hershey's plant is nearly stopped.

ITEM:

SHORTAGE or SCARCITY?

Explain

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**3. Your sweetie picks out her dream engagement ring. You want to make her dreams come true, but are dumbfounded when you see the price tag.**

ITEM:

SHORTAGE or SCARCITY?

Explain

**4. War in the South during the Civil War destroyed farmers' fields. People didn't have enough to eat.**

ITEM:

SHORTAGE or SCARCITY?

Explain

**5. Nursing schools are not graduating enough qualified nurses to fill open positions at many hospitals.**

ITEM:

SHORTAGE or SCARCITY?

Explain

**6. During the holiday season, Thomas the Tank Engine toy shelves were bare.**

ITEM:

SHORTAGE or SCARCITY?

Explain

**7. There just aren't enough hours in a day to complete all the work I have to do!**

ITEM:

SHORTAGE or SCARCITY?

Explain

**8. Traffic on the PA turnpike during rush hour leads to congestion on roadways.**

ITEM:

SHORTAGE or SCARCITY?

Explain