



**University of Mohamed Seddik Ben Yahia, Jijel**

**Faculty of Economic, Commercial, and Management Sciences**

**Level: First year**

**Second Semester**



At the heart of every human society lies a fundamental challenge: the problem of scarcity. While we often use the word "scarce" to describe something rare, in economics, it represents a permanent imbalance between our infinite human wants and the finite resources available to satisfy them. Essentially, scarcity exists because the resources needed to produce goods and services are limited. This leads to a constant state where the "means" at our disposal cannot keep up with our "ends," forcing individuals and nations alike to make difficult choices between alternatives.

To understand scarcity, we must distinguish between two types of resources:

- **Free Resources:** These are available in quantities greater than what society desires even at a price of zero. A classic example is **sunshine**.
- **Economic (Scarce) Resources:** These are limited. If offered for free, people would want more than what is available. These resources are the building blocks of production, traditionally categorized into four **Factors of Production**:

<b>Factor</b>	<b>Description</b>	<b>Reward</b>
<b><u>Labor</u></b>	<u>Physical and mental human effort used in production.</u>	<b>Wage</b>
<b><u>Land</u></b>	<u>All natural resources and "gifts of nature" (minerals, water, fertile soil).</u>	<b>Rent</b>
<b><u>Capital</u></b>	<u>Manufactured inputs used to produce other goods (machinery, infrastructure).</u>	<b>Interest</b>
<b><u>Entrepreneurship</u></b>	<u>The talent to organize the other three factors and take <u>business risks</u>.</u>	<b>Profit</b>

The entrepreneur acts as the catalyst in an economy. They are individuals who look for new opportunities, introduce innovative technologies, and make the basic policy decisions that drive business. Most importantly, they bear the risk of loss in the pursuit of profit, ensuring that scarce resources are organized efficiently to meet market demands.

It is a common mistake to use "scarcity" and "shortage" interchangeably, but they represent very different economic concepts:

1. **Scarcity is Universal and Everlasting:** It is a permanent condition of humanity. Even the wealthiest nations face scarcity because resources are always finite relative to total human desire. A good is scarce if people want more of it than is available at a zero price.
2. **Shortage is Specific and Temporary:** A shortage occurs when people cannot buy the amount they want at the current market price. This is often caused by price fluctuations, supply chain disruptions, or government interventions.

**Key Takeaway:** While a shortage can be solved by changing prices or increasing production in the short term, scarcity can never be eliminated; it can only be managed through efficient resource allocation.

**Question 1:** *Decide whether the following statements are true or false based on the text.*

1. Scarcity and shortage are essentially the same concept in economics. [ \_\_\_\_ ]
2. A resource is considered "free" if its supply exceeds human desire even at a zero price. [ \_\_\_\_ ]
3. The reward for the factor of production known as "Capital" is called profit. [ \_\_\_\_ ]
4. Scarcity is a temporary problem that can be solved by increasing production. [ \_\_\_\_ ]

**Question 2:** *Fill in the blanks using the following terms: **Entrepreneur, Finite, Rent, Choices.***

1. Because resources are \_\_\_\_\_ in supply, every society must decide how to allocate them.
2. The fundamental problem of scarcity forces individuals and societies to make \_\_\_\_\_ between different alternatives.
3. The specific reward or payment earned by the services of land is known as \_\_\_\_\_.
4. An \_\_\_\_\_ is a person who organizes the other factors of production and introduces new technologies into business.

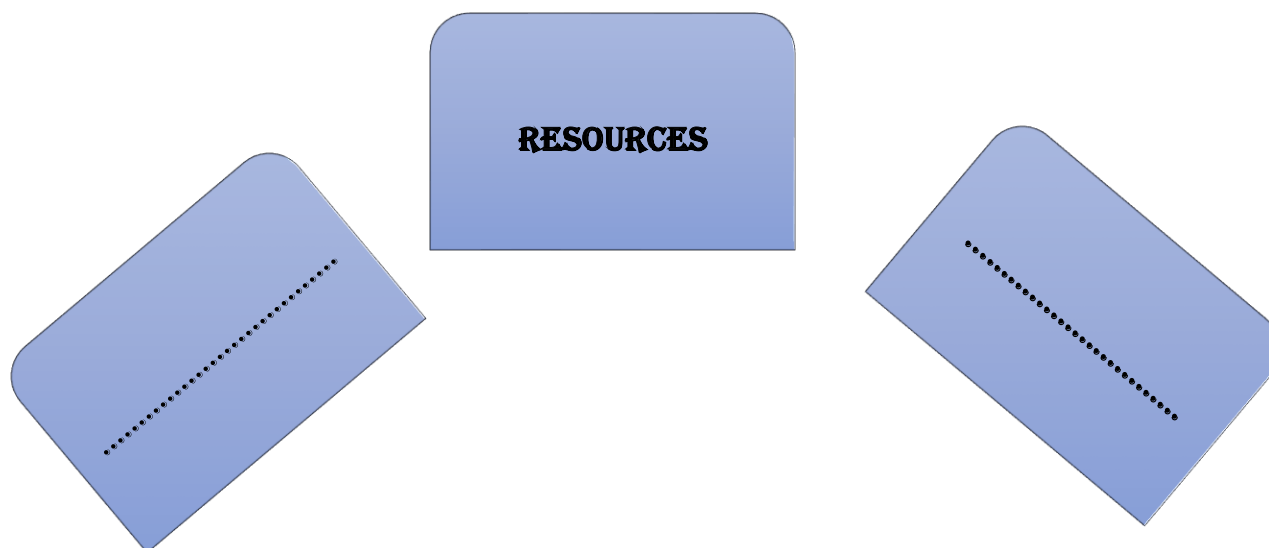
**Question 3:** *Match the term in **Column A** with its correct definition in **Column B**.*

Column A (Term)	Column B (Definition)
1. Labor	A. Manufactured inputs used to produce other goods (e.g., machinery).
2. Capital	B. The imbalance between our infinite wants and limited means.
3. Scarcity	C. Physical and mental human effort used in production.
4. Shortage	D. Inability to get a desired amount at the prevailing price.

**Question 4:** *Find the words in the original text that have the same or similar meaning as the following:*

1. **Limited** (in reference to supply): \_\_\_\_\_
2. **Payment** (the return for a factor of production): \_\_\_\_\_
3. **Existing** (in reference to a current price): \_\_\_\_\_
4. **Permanent** (as opposed to short-term): \_\_\_\_\_

**Question 5:** *Complete the following graph*



**Question 6:** *Translate the underlined terms into Arabic Language*