Choices Under Pressure

Trace how scarce resources shape production and decisions.

SS24.E.1 "Investigate and share information on how scarcity can impact factors of production and the decision-making of individuals, businesses, and governments..."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline scarce resources, circle decisions made in response to scarcity, and label examples of land, labor, capital, and entrepreneurship with 1, 2, 3, and 4, respectively.

Water Choices in Cedar Bend

1. By late summer, Cedar Bend's reservoir held less water than its farms, homes, and public facilities wanted. Water and farmland are natural resources, often called land in economics. Because these resources cannot satisfy every use at once, scarcity forces choices about who receives them. The town council reserved drinking water for households and reduced the water available to farms. That decision protected a basic need but left some fields unplanted. Resident Maya shortened her showers and saved the water she would have used on her lawn for a vegetable garden. Her choice shows that households also give up one use to support another.

2. One farm considered growing tomatoes in a covered greenhouse that recycles irrigation water. The farm needed labor, workers to plant, monitor, and harvest the crop. It also needed physical capital, including a pump and storage tanks, to move and reuse water. A worker's training in irrigation systems was human capital, knowledge that made that worker more effective. Yet the town had only two trained irrigation workers, and another farm needed them too. The owner chose to train existing employees rather than hire both specialists, delaying the first harvest while building skills the business could use later.

3. An entrepreneur offered to coordinate a mobile pump service for several small farms. She planned routes, found investors, and risked losing money if too few farms signed up. Her idea could spread the cost of physical capital, but it could not create more reservoir water. The council allowed farms to use the service only within their reduced water allotments. One farm signed up instead of buying its own pump, freeing money for worker training. Another declined because the service schedule would not fit its harvest plans. The same scarcity shaped different decisions because each decision maker faced different needs and tradeoffs.

2 ANSWER WITH EVIDENCE

Use the passage

1. How did scarcity lead both the council and Maya to allocate water differently? Name a use each gave up.

2. How do land and labor each contribute to the proposed greenhouse crop?

3. How did the shortage of trained workers affect the farm's choice? Explain how its pump and workers' irrigation training are different kinds of capital.

4. What did the entrepreneur contribute besides water or equipment, and why did the council still restrict the shared service?

3 YOUR TURN

Your own words

Imagine a town has limited vacant land and a shortage of licensed electricians. In four or five sentences, propose a business, explain how all four factors of production support it, and describe how scarcity changes one business choice and one town government choice.

ANSWER KEY

Choices Under Pressure

GRADE 12 · SS24.E.1

PART 1 · READ AND MARK

Underline scarce resources, circle decisions made in response to scarcity, and label examples of land, labor, capital, and entrepreneurship with 1, 2, 3, and 4, respectively. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How did scarcity lead both the council and Maya to allocate water differently? Name a use each gave up.	**The council reserved drinking water for households and reduced farm water, leaving some fields unplanted. Maya used less water on her lawn so she could water her vegetable garden.**
2	How do land and labor each contribute to the proposed greenhouse crop?	**Land provides natural resources such as water and farmland. Labor provides workers to plant, monitor, and harvest the tomatoes.**
3	How did the shortage of trained workers affect the farm's choice? Explain how its pump and workers' irrigation training are different kinds of capital.	**The farm chose to train existing employees rather than hire both specialists, delaying its first harvest. The pump is physical capital, while irrigation training is human capital.**
4	What did the entrepreneur contribute besides water or equipment, and why did the council still restrict the shared service?	**She organized the service, found investors, and took a financial risk. The council restricted its use because a shared pump could not increase the limited reservoir water.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

An entrepreneur leases a vacant town lot to open an electric-bike charging shop, risking her savings on the idea. The lot is land, licensed electricians provide labor to install chargers, and the chargers are physical capital. Because electricians are scarce, the business opens with fewer chargers than planned. The town leases its limited lot to the shop instead of using it for a playground, giving up that public use.

Accept other passage-supported tradeoffs and factor examples. For Part 3, look for a distinct role for each factor and a plausible scarcity-driven choice by both the business and the government.