

Scarcity

Name and Number: C2 S3 L1

In the dictionary, the word scarce means insufficient for the demand, meaning not enough of what people need or want. When studying economics, there is a special term for not having enough of something. That term is **scarcity**. As an entrepreneur you can run into the problem of scarcity if you don't have enough natural (strawberries or sugar), human (workers) or capital (trucks or freezers) resources. When you run into these shortages you have to make choices for your company.

One important problem that all entrepreneurs must understand is that resources are limited but peoples' wants are not. In other words, there is a limited number of strawberries grown in Michigan but if you make the best strawberry ice cream in the world, people will want more and more of it. If this happens, you would have some decisions to make. What would you do? Talk with your class and write some of your decision down here.

Buy strawberries from some where
else.

Let's go one step further. Pretend you are going to start a pie company in Michigan. All of your friends and family know you make the best strawberry pie and have been telling you for years that you should go into business. You are ready to take the next step and go into business. You have a factory to make and bake your pies, you have employees that will do the work for you and you have a contract with a local strawberry farmer to supply you will all of her strawberries.

Looking at the following chart, what is the only month out of the year that strawberries are harvested in Michigan? June Can you have a pie company that only makes strawberry pies for one month out of the year?

| | May | June | July | Aug | Sept | Oct |
|------------------|-------|-------|-------|-------|-------|-------|
| asparagus | ✓✓✓✓✓ | ✓ | | | | |
| strawberries | | ✓✓✓✓✓ | | | | |
| sweet cherries | | | ✓✓✓✓✓ | | | |
| raspberries | | ✓ | ✓✓✓✓✓ | | | |
| sweet corn | | | ✓✓✓✓✓ | ✓✓✓✓✓ | ✓ | |
| blueberries | | | ✓✓✓✓✓ | ✓✓✓✓✓ | | |
| green beans | | | ✓✓✓✓✓ | ✓✓✓✓✓ | ✓ | |
| cukes, zucchini | | | ✓✓✓✓✓ | ✓✓✓✓✓ | | |
| peaches | | | | ✓✓✓✓✓ | ✓✓ | |
| tomatoes | | | | ✓✓✓✓✓ | ✓✓ | |
| fall apples | | | | | ✓✓✓✓✓ | ✓✓✓✓✓ |
| winter squash | | | | | ✓✓✓✓✓ | ✓✓✓✓✓ |
| concord grapes | | | | | ✓✓✓✓✓ | ✓✓ |
| fall decorations | | | | | ✓✓✓✓✓ | ✓✓✓✓✓ |
| pumpkins | | | | | ✓✓ | ✓✓✓✓✓ |

Of course not! No one is going to want to work for your company if they only have a job for one month out of the year. This means you have some decisions to make.

Plan #1

When I get all the strawberries from my local farmer, I will freeze them and then thaw them as I need them. The only problem is that I don't have enough freezer space.

Plan #2

I stick with strawberry pies, but I have to get my strawberries from other places that harvest at different times. There will be an added cost to truck them in.

Plan #3

I'm going to diversify and use Michigan's growing seasons to make all different pies as the fruits become available. Strawberry pies in June, blueberry pies in July and August and even pumpkin pies in October. I'm nervous because I'm only used to making strawberry pies and I don't know any other farmers to get my natural resources from.

