

The economic problem

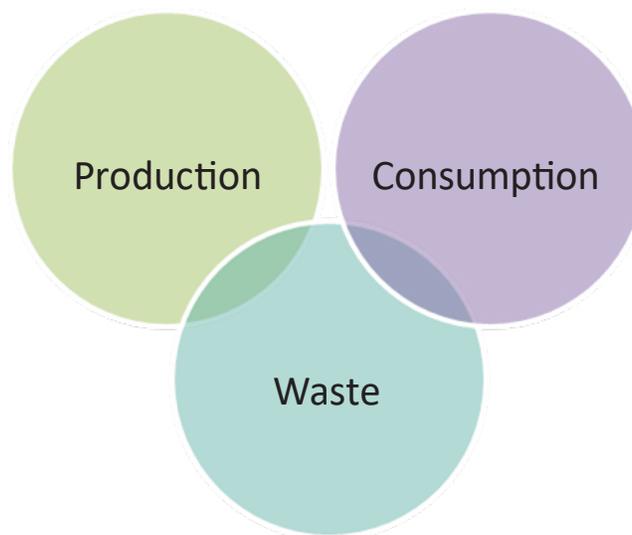


Wants are unlimited

People desire goods and services to make their life easier and more enjoyable. As one want is satisfied, the next best can be satisfied.

Businesses are also constantly developing new products which consumers add to the items that they wish to purchase.

Some waste occurs during both production (for example, fruit that is damaged during picking) and consumption (for example, fruit that deteriorates before it is sold or before it is used).



In many wealthy countries, such as Australia, consumers purchase more of some products than they actually require. For example, it is estimated that one third of all food purchased is thrown out before it is eaten and a huge number of items of clothing are in wardrobes not being used or are thrown out after only being worn only a few times.

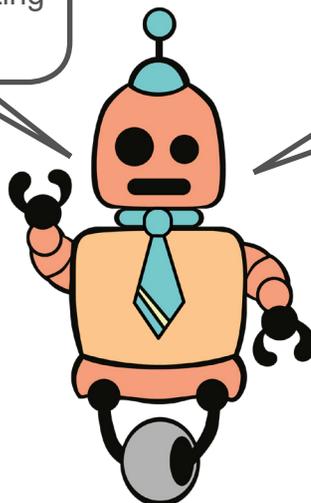
500,000
the tonnes of textiles and leather that goes into landfill in Australia - each of us buys an average of 27 kg of new clothing and other textiles every year and sends an average of 20 kg to landfill sites

The negative impacts of this over-purchasing include:

- a waste of the consumer's money
- a waste of the natural resources (such as, oil, minerals, fibre and water), energy, and human resources (labour) used in production
- the time and money spent collecting and disposing of such large volumes of waste
- greater damage to the environment by the un-necessary production and the extra waste in landfill sites.

What projects are reducing waste by recycling or reusing unwanted clothes or collecting and re-distributing unwanted food?

How can organic waste be changed into electricity?



Resources are limited

At any point in time, there is only a certain quantity of resources available. For example, Australia has limited:

- deposits of iron ore
- numbers of qualified primary school teachers
- numbers of milk processing factories.

Some resources are **scarce** as they are only available in small quantities. For example, there are not many locations on the planet where diamonds have been formed and there are not many people with the creative skills to perform live music.

Resources that are available in large quantities are still **relatively scarce** because when they are used for one purpose they can not be used for another. For example, Australia has millions of trees but when a tree is cut down to make furniture it can't be used to build houses or pulped for making into paper and a person who spray paints repaired cars cannot paint new houses at the same time.



The exception is the few natural resources that are renewable. For example, solar energy, wind and tides can be used without destroying them.

Imbalance is the problem

Wants are unlimited but the resources required to produce the goods and services to satisfy them are limited. This imbalance is known as 'the economic problem'. This 'problem' exists for all individuals, for all communities and for all countries - just on a different scale.

It's a problem now and in the future

The purchasing and resource use decisions made not only affect what goods and services are produced now but also have impacts on how future generations will live. Negative impacts can 'damage' the environment that they will live in and reduce their capacity to produce some goods as particular natural resources are exhausted. For example, most scientists believe that the burning of coal to generate electricity is contributing to global warming which is increasing sea water temperatures. As a result, coral reefs in Australia are being bleached reducing the natural beauty of places such as Ningaloo in Western Australia and the Great Barrier Reef in Queensland. This will also reduce the number of visitors including international tourists. In addition, commercial fishing may no longer be profitable if the stock of fish declines in these areas.



The negative impacts of these purchasing and resource use decisions are being 'moved' to people in the future. Many people consider this to be unfair.

