

Name: _____

Lesson 28

Period: _____

Why Haven't We Run Out of Resources?

Directions. Read the *Handy Dandy Guide* and the mystery. Be careful. While all the clues are correct, only some are *useful* in solving the mystery. Decide which clues are most relevant to solving the mystery. Use the clues and one or more of the ideas from the *Handy Dandy Guide* to figure out a solution to the mystery. Write your solution.

Handy Dandy Guide

1. People *choose*.
2. People's choices involve *costs*.
3. People respond to *incentives* in predictable ways.
4. People create *economic systems* that influence individual choices and incentives.
5. People gain when they *trade* voluntarily.
6. People's choices have consequences that lie in the *future*.

The Mystery

The earth today supports about 6 billion people. Most of these people live in a condition of poverty, lacking adequate food, water, housing, and medical care. As this population grows and its needs increase, many people fear that increasing demand for the earth's resources will deplete those resources drastically. Some scientists in the 1970s predicted, for example, that the world would run out of oil and many important minerals by the 1990s.

After the close of the 1990s, however, things look different. There is little talk today about exhausting our mineral supplies. Prices for most commodities have been stable, suggesting a stable supply. Oil reserves have actually increased. People in impoverished places continue to face shortages, but those shortages have nothing to do with natural resources. Every recent famine, for example, has been caused by civil war, ethnic disputes, or natural catastrophes—not the exhaustion of natural resources.

How can this be? If our natural resources are finite and the world's population is growing, why haven't we run out of natural resources?

The Clues

1. In 1978, proven oil reserves stood at 648 billion barrels—enough to last 29.9 years at 1978 rates of consumption. By 1992, proven oil reserves had increased to 999 billion barrels of oil.
2. The U.S. Department of Energy uses a variety of programs to conserve natural resources.
3. There is a scarcity of dollars to do scientific research on resource conservation.
4. If the price of a natural resource begins to increase, consumers increase efforts at conservation.
5. If the price of a natural resource begins to increase, producers increase efforts to find more of the resource.
6. Some people predict that the earth's population will increase to 10 billion.
7. Thomas Malthus was among the first to predict that population growth would soon outstrip the earth's ability to feed its people.
8. Oil companies face competition and, as a result, are searching for ways to lower the costs of oil production. This allows producers the chance to earn higher profits while lowering prices for consumers.

Record your solution and explain it briefly here:
