

The Effect of Scarcity Thinking on Human Wants: A Heterodox Perspective

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Abstract: The concept of scarcity functions as the central pillar of mainstream economics. Nevertheless, heterodox economics considers relative scarcity as one of the objects of mainstream economics that is ill-defined, has no real world existence. This paper explores and examines the implication of the concept of scarcity on human wants. The perspective of social psychology indicates that scarcity enhances desirability among people. Furthermore, several behavioural studies have conceptualized and rationalized the concept of scarcity as the concept of scarcity thinking. Scarcity thinking means that there is no enough for everyone to go around. Hence, scarcity thinking causes fear, conflict, attack, hoarding, materialistic and protective- individualistic behaviour. Therefore, this paper attempts to examine the effect of scarcity thinking on enhancing human wants within the context of a society that assume religion in their doing. This paper is based on the philosophy of critical realism, it adapts retroducton as a research strategy and it triangulates the qualitative and quantitative methods. Qualitatively, analyses of both interviews and texts were performed. Quantitatively, this paper explores and examines the implications of scarcity thinking on human wants within the context of a society that adhere to the teachings of Islam in their doing. In doing so, this thesis has constructed a measurement items for Scarcity Thinking (ST), Price Signal (PS), Human Wants (HW) and Religiosity (R). The quantitative data used for this empirical research was collected through a survey questionnaire administered on 345 Muslim individuals working within the federal territory of Kuala Lumpur, Malaysia. After yielding the instrument, exploratory factor analysis (using SPSS version 20) was conducted. After determining the factors that explain Scarcity Thinking (ST), Price Signal (PS), and Human Wants (HW) and Religiosity (R), a measurement and structural model using the structural equation modeling approach (using AMOS version 18) was adopted. The paper concluded that the Scarcity Thinking (ST) factors enhance significantly Human Wants (HW) among Muslims. In contrast, it was found that Religiosity (R) factors have significant opposite relationship with the factors of Scarcity Thinking (ST) and Human Wants (HW). As a result, the concept of scarcity of mainstream economics reflects scarcity thinking, in which scarcity thinking enhances excessive human wants. Excessive human wants creates relative scarcity and in turns stimulate scarcity thinking. The major implications of this paper are that the scarcity postulate of mainstream economics is socially created and is not universal. Hence, scarcity can act as a phenomenon in economics rather than being the defining concept in economics. Furthermore, the concept of scarcity of mainstream economics reflects scarcity thinking in which scarcity thinking contradicts the religious teachings of obedience and cooperation.

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