

Unit I - Understanding Economics and Its Role in Society

Economics is the study of how individuals and societies make choices under conditions of scarcity. It examines how limited resources are used to produce goods and services, how these are distributed, and how people decide what to consume. Although economics is often associated with money and markets, its scope is much broader. It is also concerned with institutions, power, opportunity, and the consequences of economic decisions.

This unit introduces the foundations of economic thinking. It begins with scarcity, trade-offs, opportunity cost, incentives, and marginal decision-making. It then examines the difference between economic growth and sustainable development, the ways societies allocate resources, the organization of production, and the forces that shape consumption.

Economic analysis helps explain how wealth is created, but it must also ask how that wealth is distributed. Who benefits from economic activity? Who bears its costs? Who has access to opportunities and resources, and who is excluded? These questions show that economic outcomes are shaped not only by markets, but also by laws, institutions, social conditions, and public policy.

Economics includes both **positive analysis**, which examines how the economy works, and **normative analysis**, which considers how economic arrangements ought to work. Positive analysis may explain how a policy affects prices, employment, or production. Normative analysis raises questions about fairness, responsibility, inclusion, and the kind of society people wish to build. Both are important for understanding real-world economic issues.

Chapters in This Unit

Chapter 1 – Economics: What It Is and Why It Matters. Introduces scarcity, choice, trade-offs, opportunity cost, incentives, and marginal thinking.

Chapter 2 – Economics Toward Sustainable Development. Explores the relationship among economic growth, human development, social inclusion, and environmental protection.

Chapter 3 – Allocation and Economic Systems. Examines how societies decide what to produce, how to produce it, for whom production takes place, and how resources are allocated.

Chapter 4 – Production. Discusses the production process, factors of production, business organizations, the informal economy, and value chains.

Chapter 5 – Consumption. Explains how income, prices, preferences, expectations, institutions, and technology shape consumer decisions.

By the end of the unit, readers should be able to use basic economic concepts to interpret everyday choices and broader social issues. More importantly, they should be able to evaluate economic decisions by asking not only whether resources are used efficiently, but also whether opportunities, benefits, and costs are distributed fairly and sustainably.

Chapter 1 | Economics: What It Is and Why It Matters

For comic strip: Scarcity makes choices unavoidable or Every choice has an opportunity cost

A limited budget often has several competing uses. Consider a person with ₱200 who must choose among a drink, a contribution to a friend's celebration, and printing materials for a shared project. The three expenses total ₱220. Since the available money cannot cover everything, one option must be reduced, postponed, or given up.

This ordinary situation introduces a central economic problem: resources are limited, while possible uses for those resources are many. Economics provides a way to study these choices, the incentives that influence them, and the consequences they create for individuals and society.

How do individuals and societies decide what to do with limited resources—and who benefits from those decisions?

A. What Is Economics?

Economics is formally defined as a social science that studies how individuals and societies make choices to allocate scarce resources and satisfy their unlimited wants and needs.

The term economics comes from the Greek words *oikos*, meaning household, and *nomos*, meaning management or rule. Its origins point to the practical problem of managing limited resources. Modern economics applies this problem to decisions made by households, firms, communities, and governments.

Economics examines how goods and services are produced, distributed, exchanged, and consumed. It also asks how rules, institutions, income, ownership, and power shape the choices available to different groups. A choice may be formally open to everyone but practically available only to those with sufficient income, information, time, mobility, or social support.

Economic analysis therefore involves two kinds of questions. **Positive questions** examine what is happening and why. **Normative questions** consider what should happen and what outcomes society regards as fair or desirable. Good analysis distinguishes evidence about consequences from judgments about values and priorities.

Economics in Action: Who Benefits from the Energy Transition?

The global transition toward low-carbon energy is increasing demand for minerals such as lithium, cobalt, nickel, copper, and rare earth elements. These minerals are essential inputs for batteries, electric vehicles, power grids, and renewable-energy technologies (International Energy Agency, 2021; World Bank, 2020).

Economics can examine how these resources are produced, priced, traded, and allocated. It can also investigate how value and costs are distributed. Mineral extraction may generate exports, employment, and government revenue, while nearby communities may bear environmental damage, displacement, unsafe work, or loss of livelihoods. The key issue is not only whether production expands, but whether institutions ensure that producing communities share in the gains and that ecological costs are recognized (OECD, 2019; UNCTAD, 2020).

Key Considerations for Mineral-Producing Governments

Countries that supply minerals for the energy transition face an important policy challenge: how to convert extraction into lasting public benefit while protecting communities and the environment. Expanding production is not enough. Governments must also examine whether the rules governing extraction are fair, transparent, and enforceable.

Key questions include:

- **Is the country receiving a fair return from its natural resources?**

Governments should assess whether taxes, royalties, fees, and other payments adequately compensate the public for the extraction of non-renewable resources. They should also examine whether tax incentives are justified and whether revenues are collected transparently and used for long-term development.

- **Does government have sufficient regulatory capacity?**

Mining agencies and local governments need enough technical expertise, personnel, funding, and independence to inspect operations, enforce environmental standards, monitor rehabilitation, and hold companies accountable for violations.

- **Are environmental and social costs fully considered?**

Decisions should account for possible damage to water sources, forests, farmland, fisheries, health, livelihoods, and cultural sites. These costs may continue long after mining operations end.

- **How are affected communities involved in decision-making?**

Communities should not be treated merely as recipients of information after decisions have already been made. They should have meaningful opportunities to participate before permits are issued and throughout the life of a mining project.

- **Are communities sufficiently informed?**

Participation is meaningful only when people have access to clear, accurate, and timely information about the project's benefits, risks, alternatives, and long-term consequences. Technical information should be presented in forms and languages that affected communities can understand.

- **How will benefits be shared?**

Governments should examine whether producing communities receive a fair share of revenues, jobs, infrastructure, and social investment, and whether these benefits are sufficient to compensate for the risks and disruptions they bear

Regulations Governments can strengthen accountability and public participation by: - making environmental impact assessments, permits, monitoring reports, tax payments, royalties, and rehabilitation plans publicly accessible; - requiring early, genuine, and continuing consultations with affected communities; - reporting the rights of indigenous peoples and other local communities in decisions involving ancestral land and natural resources; - providing communities with independent technical and legal assistance; - establishing clear grievance and compensation mechanisms; - regularly monitoring environmental and social impacts, not only company compliance reports; - requiring financial guarantees for mine rehabilitation and closure; - publishing how mining revenues are allocated, collected, and spent; and - ensuring that regulatory agencies are adequately funded and protected from political or corporate influence. Economic Insight: The value of transition minerals should not be measured only by export earnings or production volumes. The more important question is whether extraction produces lasting public benefits, protects communities, and leaves the country better prepared for the future after the minerals are gone.

Branches of Economics

Branches of Economics

Economics is commonly divided into two main branches: **microeconomics** and **macroeconomics**. They examine economic activity at different levels, but both are concerned with how scarce resources are used and how economic decisions affect people, businesses, and society.

Microeconomics

Microeconomics studies the decisions of individual economic actors, such as households, firms, workers, consumers, and specific industries. It examines how they respond to prices, incentives, income, costs, and competition.

Microeconomics helps answer questions such as:

- How does a household decide how to divide its income among food, housing, transport, and savings?
- How does a sari-sari store decide what products to sell and what prices to charge?
- How does a business determine how many workers to hire?
- Why do consumers buy less of a product when its price rises?
- How does competition affect prices and product quality?

In general, microeconomics focuses on particular markets and the choices made within them.

Macroeconomics

Macroeconomics examines the economy as a whole. It studies broad patterns and outcomes such as national income, employment, inflation, economic growth, government spending, taxation, interest rates, and international trade.

Macroeconomics helps answer questions such as:

- Why do prices rise across the economy?
- What causes unemployment?
- Why do some economies grow faster than others?
- How do government spending and taxation affect economic activity?
- How do global events influence the national economy?

Rather than focusing on one household or one business, macroeconomics looks at the combined behavior of millions of consumers, workers, firms, and institutions.

How the Two Branches Are Connected

Microeconomics and macroeconomics are closely related. Decisions made by households and firms can contribute to broader economic outcomes, while changes in the national economy affect individual choices.

For example:

- When inflation rises, households may reduce spending, switch to cheaper products, or postpone purchases. A macroeconomic change therefore influences microeconomic behavior.
- When many firms reduce hiring or lay off workers, the combined effect may increase the national unemployment rate.
- When households collectively increase spending, businesses may expand production and hire more workers, contributing to economic growth.
- When interest rates rise, individual households and firms may borrow less, affecting investment and overall economic activity.

The distinction between microeconomics and macroeconomics is therefore mainly one of **scale**.

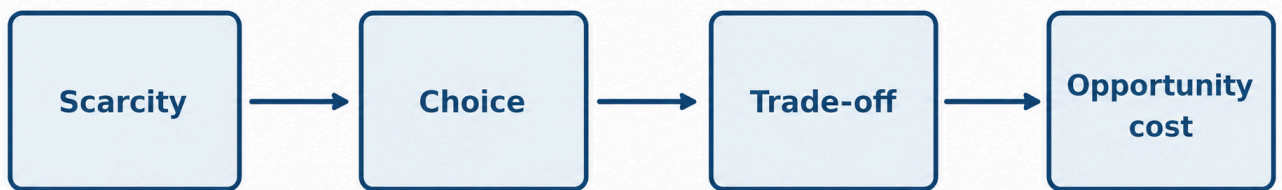
Microeconomics examines individual decisions and specific markets, while macroeconomics studies the economy-wide results that emerge from those decisions.

Table 1.1 Microeconomics and Macroeconomics Compared

Branch	Main focus	Sample questions
Microeconomics	Households, consumers, workers, firms, industries, and specific markets	How does a business set its price? Why does demand change when price changes? How does a household allocate its income?
Macroeconomics	The economy as a whole, including national income, employment, inflation, growth, and public policy	Why is inflation rising? What causes unemployment? How does government policy affect economic growth?

B. Scarcity, Trade-Offs, and Opportunity Cost

Scarcity exists because resources—including time, money, land, labor, skills, and natural assets—are limited relative to their possible uses. Scarcity does not mean that every resource is physically absent. It means that choices must be made because not all uses can be satisfied at the same time.



Limited resources require decisions; choosing one option means giving up the next-best alternative.

Scarcity and unequal access

Scarcity may result from physical limits, but it can also be intensified by unequal access. A society may produce enough food overall while some households remain hungry because income, transport, land ownership, or public services prevent them from obtaining it. Recognizing unequal access does not remove the economic problem of scarcity; it broadens the analysis by asking how institutions distribute resources and opportunities.

Forms of Scarcity

Scarcity can arise in different ways. In some cases, a resource is physically unavailable or cannot be supplied immediately. In others, the resource exists, but the available quantity is not enough to satisfy everyone who wants or needs it.

Absolute or Physical Scarcity

Absolute scarcity occurs when a resource is physically unavailable, severely limited, or cannot be produced or restored within the period in which it is needed. Even people who are willing and able to pay may be unable to obtain it.

Examples include:

1. **Clean water during a severe drought.**
Water sources may dry up or become contaminated. Higher prices cannot immediately create additional water where none is available.
2. **Electricity during a widespread blackout.**
Consumers may be willing to pay, but electricity remains unavailable until power generation, transmission, or distribution is restored.
3. **Vaccines during the early stage of a pandemic.**
When a vaccine is newly developed, production capacity may initially be too limited to supply everyone who needs it.
4. **Critical minerals with limited known reserves or production capacity.**
Minerals such as lithium, cobalt, nickel, and rare earth elements are finite and geographically concentrated. In the short run, production cannot always expand fast enough to meet rapidly growing demand.

In practice, absolute scarcity may be temporary, as in a blackout, or long-lasting, as in the depletion of a non-renewable resource.

Relative Scarcity

Relative scarcity occurs when a resource or product exists, but the available quantity is insufficient compared with the number of people who want or need it. It reflects the relationship between limited supply and competing demand.

Examples include:

1. **Tickets to a popular concert.**
A venue may have only a few thousand seats even though tens of thousands of people want to attend.
2. **Popular gadgets during holiday sales.**
The products exist, but available stocks may be insufficient to meet the sudden increase in demand.
3. **Affordable housing in a rapidly growing city.**
Housing units may be available, but too few are within the price range of most households.
4. **Hospital beds during a health emergency.**
Hospitals may continue operating, but available beds may not be enough for all patients requiring treatment.

Relative scarcity may be reduced by increasing supply, reducing demand, improving distribution, or changing how the resource is allocated.

Scarcity and Unequal Access

Scarcity should also be distinguished from **unequal access**. A society may have enough of a resource in total, yet some individuals or communities may still be unable to obtain it because of low income, distance, discrimination, poor infrastructure, or unequal political power.

For example, a country may produce enough food to meet the nutritional needs of its population, but some households may still experience hunger because they cannot afford food or cannot reach markets. Education, healthcare, electricity, and clean water may also be available in one part of a country but inaccessible in another. In these situations, the problem is not simply that the resource does not exist. The problem lies in how income, infrastructure, institutions, and decision-making determine who can use it.

Key Idea: Scarcity may result from physical limits, demand exceeding available supply, or barriers that prevent people from accessing existing resources. Addressing scarcity may therefore require not only producing more, but also improving distribution, affordability, infrastructure, and fairness.

Trade-offs

A trade-off arises when choosing more of one option requires giving up some of another. One decision may involve several sacrifices. A government that funds a health center may postpone road repairs, school improvements, or flood-control projects.

Opportunity Cost

Opportunity cost is the value of the next-best alternative that is given up when a choice is made. It is not the sum of every option rejected. If the best alternative to constructing a health center is repairing a flood-prone road, the value of the forgone road project is the opportunity cost of the chosen investment.

Scarcity shows up in many forms, not just in money, but also in time, space, and other limited resources. Table 2 presents how different kinds of scarcity lead to real-life trade-offs, and how each decision comes with an opportunity cost.

Table 1.2: Illustration of Scarcity in Money, Time, and Space

Resource	Decision	Main trade-off	Opportunity cost
Money	A local government uses a limited budget to build a health center.	Other projects receive less or are delayed.	The value of the next-most urgent project that is postponed.
Time	A worker spends an additional hour completing a report.	Less time is available for rest, family, or another task.	The value of the best alternative use of that hour.
Land	A municipality uses a vacant site for housing.	The land cannot simultaneously be used for a park or market.	The value of the most valuable alternative land use.

Case Study: Choosing Among Needs During a Cost-of-Living Increase

During 2022 and 2023, Filipino households faced substantial increases in the cost of food, fuel, transportation, electricity, and other necessities. Philippine inflation reached 5.8 percent in 2022 and 6.0 percent in 2023, while food inflation was especially burdensome for lower-income households because food accounts for a large share of their spending. The World Bank noted that high food prices constrained poverty reduction even as employment and incomes improved.

The Philippine Statistics Authority's 2023 Family Income and Expenditure Survey reported that the average annual expenditure of Filipino families rose to about ₱258,050, up by 12.8 percent from approximately ₱228,800 in 2021. This increase does not necessarily mean that families enjoyed a better standard of living. Part of the increase reflected the higher prices they had to pay for goods and services.

A Household Budget Under Pressure

Consider a household with limited monthly income. Its regular expenses include:

- rice, vegetables, meat, and other food;
- rent and electricity;
- transportation to work;
- medicine and healthcare;
- school transportation, meals, and supplies; and
- mobile phone load or internet access needed for work and education.

Before prices increased, the household may also have occasionally spent on restaurant meals, entertainment, new clothes, or celebrations. These may be classified as wants because the family could postpone or reduce them without immediately threatening its well-being.

As food, transportation, and electricity became more expensive, the household could first reduce these non-essential purchases. It might stop eating out, postpone buying clothes, cancel a streaming subscription, or choose less expensive forms of recreation.

However, eliminating wants may not be enough. The household may then face difficult choices among needs:

- buying sufficient and nutritious food or paying the electricity bill;
- purchasing medicine or covering transportation to work;
- paying rent on time or buying school supplies;
- keeping an internet connection for work and education or paying another household bill;
- eating more varied food or relying on cheaper meals to stretch the budget.

These are not simple choices between necessities and luxuries. They are **trade-offs among competing needs**.

How Households May Respond

When income does not rise as quickly as prices, families may adopt several coping strategies:

Substitution. They may replace meat with cheaper food, shift to less expensive brands, or use public transportation instead of private transport.

Reduction. They may purchase smaller quantities, reduce electricity use, postpone medical consultations, or cut the number of trips they make.

Postponement. They may delay home repairs, dental care, school purchases, or replacement of damaged appliances.

Borrowing. They may use credit, loans, or informal borrowing to cover current expenses, although this transfers the burden to future budgets.

Additional work. Household members may accept extra work, begin small informal businesses, or seek additional sources of income.

Each response has consequences. Buying cheaper food may reduce nutritional quality. Postponing healthcare may cause a condition to worsen. Borrowing may make future income even more constrained. Taking additional work may reduce rest, caregiving time, or time spent with children.

Scarcity, Trade-Offs, and Opportunity Cost

This case illustrates three central economic concepts. **Scarcity** exists because household income is insufficient to satisfy every need and want at the same time. A **trade-off** arises when allocating more money to one expense leaves less for another. The **opportunity cost** is the value of the next-best option given up. For example, when a household uses its remaining ₱1,000 to purchase medicine instead of school materials, the opportunity cost is the benefit that would have come from buying those school materials. Opportunity cost is not determined only by money. It may include poorer health, missed learning opportunities, lost time, greater risk, or reduced well-being.

Needs and Wants Are Shaped by Circumstances

The distinction between needs and wants is not always fixed. A smartphone may be mainly a convenience for one person but essential for another person's employment. Internet access may appear optional until it becomes necessary for work, education, banking, or access to government services. Transportation may be a basic need for someone who must travel to work but less urgent for someone who works from home.

Needs may also change because of:

- illness or disability;
- a new child or dependent family member;
- relocation;
- loss of employment;
- natural disasters;
- changes in schooling or work arrangements; and
- rising prices.

Economic analysis must therefore consider context rather than treating every good as inherently a need or a want.

Beyond Individual Budgeting

It would be incomplete to describe this situation only as a problem of household discipline. Families make choices, but the choices available to them are shaped by wages, prices, public services, transportation systems, employment conditions, and government policy.

A household must spend more of its income when:

- public transportation is inadequate or expensive;
- public healthcare does not cover necessary treatment;
- public schools require substantial out-of-pocket expenses;
- affordable housing is unavailable;
- wages do not keep pace with living costs; or
- food supply problems cause prices to rise.

This means that household scarcity is partly personal but also **institutional and structural**. Better budgeting can help, but it cannot fully overcome low income, high prices, or inadequate public services.

Key Idea: Scarcity does not always require choosing between a need and a want. When resources are severely limited, individuals and families may have to choose among several important needs. Economic analysis therefore asks not only what people choose, but what constraints shape the choices available to them.

Questions for Reflection

1. Which household expenses in the case are clearly needs, and which may be considered wants?
2. Which expenses might be a need for one household but a want for another?
3. What trade-offs may arise when food, transportation, and electricity prices increase simultaneously?
4. What is the opportunity cost of postponing healthcare to pay for food?
5. Which household responses solve the immediate problem but create future costs?
6. How can government policies and public services expand the choices available to families?
7. Is financial difficulty always the result of poor personal budgeting? What broader economic conditions should also be considered?

C. Incentives and Marginal Thinking

A distinctive feature of economics is its attention to the choices people make when resources are limited and to the consequences of those choices for the production, distribution, and use of goods and services. Other social sciences also examine human behavior, but economics gives particular attention to how individuals, households, businesses, and governments respond to changes in benefits and costs. It also examines how decisions are made at the margin—that is, by considering the effects of small or additional changes rather than treating every choice as an all-or-nothing decision.

Two important ideas help explain this process: **incentives** and **marginal thinking**. In economics, **incentives** are factors that influence the decisions people make and the actions they take. They affect behavior by changing the expected benefits or costs associated with a particular choice.

Incentives may be positive or negative. **Positive incentives** encourage an action by increasing its benefits or reducing its costs. **Negative incentives**, also called **disincentives**, discourage an action by increasing its costs or reducing its benefits. When the expected benefit of an activity rises—for example, through higher pay, public recognition, convenience, or time savings—people may become more willing to undertake it. When the expected cost rises, whether in the form of money, effort, time, risk, or possible punishment, people may become less willing to proceed.

Prices are among the most common and influential incentives in economic life. A change in the price of a good or service affects the choices of both buyers and sellers. When a store offers a 50 percent discount on a popular product, the lower price may encourage consumers to purchase more than they otherwise would. The discount functions as a positive incentive because it reduces the cost of buying the product. When the promotion ends and the price returns to its previous level, some consumers may reduce their purchases, switch to alternatives, or wait for another sale.

Incentives, however, are not limited to money or financial rewards. They may also take social, moral, institutional, or legal forms. Social incentives include praise, approval, reputation, or the desire to avoid criticism. Moral incentives arise from a person's sense of right and wrong and may influence choices even when there is no financial gain. Legal incentives include laws, rules, penalties, and sanctions that formally encourage or discourage certain behavior.

This broader view helps explain why people sometimes make decisions that do not appear financially beneficial. A person may volunteer time without receiving payment because the activity provides social meaning or reflects personal values. Someone may refuse to participate in dishonest conduct because maintaining integrity matters more than the potential financial gain. A business may follow safety or environmental standards because of legal requirements, reputational concerns, or a commitment to social responsibility. These examples show that economic behavior is shaped by many kinds of incentives, not only by money.

Incentives may also reflect the values and priorities embedded in institutions. When governments reward transparency, protect whistle-blowers, enforce procurement rules, and punish corruption, they strengthen incentives for accountability. When enforcement is weak, violations go unpunished, or influential groups receive special treatment, the system may instead encourage harmful behavior. Incentives therefore do not operate in isolation. They are shaped by laws, institutions, social norms, and the distribution of power.

Understanding incentives helps explain both individual behavior and broader economic outcomes. Well-designed incentives can encourage socially beneficial actions, such as paying taxes, conserving energy, investing in education, or following public health regulations. Poorly designed incentives can produce unintended consequences, waste, or abuse. Economic analysis therefore examines not only the intended purpose of a policy, but also the behavior it is likely to encourage.

The table below presents examples of positive and negative incentives. These include financial, social, educational, legal, and institutional influences on behavior.

Table 1.3 Incentives and Disincentives

Type of incentive	Definition	Examples
Positive incentives	Rewards or benefits that encourage individuals or organizations to engage in a particular behavior.	1. Cash bonuses for employees who meet performance targets. 2. Tax deductions for charitable donations. 3. Discounts for bulk purchases. 4. Loyalty points that can be exchanged for products or services. 5. Additional academic credit for submitting work early. 6. Subsidies for farmers who produce priority crops.
Negative incentives or disincentives	Penalties, restrictions, or additional costs that discourage individuals or organizations from engaging in a particular behavior.	1. Late-payment fees for unpaid bills. 2. Higher taxes on cigarettes and alcohol. 3. Traffic fines for speeding or illegal parking. 4. Disciplinary sanctions for repeated tardiness. 5. Additional interest or penalties on overdue loans. 6. Restrictions on harmful products. 7. Suspension of business permits for serious regulatory violations.

The discussion of incentives shows that people respond to changes in expected benefits and costs. **Marginal thinking** extends this idea by focusing on small or incremental changes rather than on broad, all-or-nothing choices.

In economics, marginal thinking is the process of comparing the additional benefit of doing slightly more of an activity with the additional cost of doing so. The term **marginal** refers to one additional unit, one extra action, or a small change in the level of an activity. A person may consider whether to work one more hour, a firm may decide whether to produce one more unit, and a government may assess whether to allocate additional funds to a public program.

The two central concepts are **marginal benefit** and **marginal cost**. Marginal benefit is the additional gain obtained from one more unit of an activity. Marginal cost is the additional expense, effort, time, risk, or sacrifice created by that extra unit.

The guiding principle is that an activity should generally be expanded while its marginal benefit is greater than its marginal cost. If one additional unit produces more benefit than cost, continuing may be worthwhile. When the marginal cost becomes greater than the marginal benefit, further expansion is no longer desirable. The decision point is reached when the additional benefit is approximately equal to the additional cost.

Marginal thinking is useful because many economic decisions are not simply choices between doing something and not doing it. They often involve deciding **how much** of an activity to undertake. The relevant question is therefore not only whether an action is beneficial, but whether doing a little more of it remains worthwhile.

Marginal thinking compares the additional benefit of one more unit of an activity with its additional cost. The relevant question is not always whether an activity is good or bad in total, but whether doing slightly more of it is worthwhile.

- A farmer compares the additional harvest from cultivating one more hectare with the added labor, water, and fertilizer required.
- A business compares the additional revenue from extending store hours with the extra wages, electricity, and security costs.
- A government compares the additional safety from another traffic checkpoint with the budget and personnel it requires.

Let's Review

- Economics studies how scarce resources are allocated among competing uses.
- Microeconomics focuses on individual decision-makers and specific markets; macroeconomics examines the economy as a whole.
- Scarcity requires choices because resources cannot satisfy every possible use at the same time.
- A trade-off is what must be reduced or given up when one option is chosen.
- Opportunity cost is the value of the next-best alternative that is forgone.
- Incentives alter the expected benefits and costs of actions.
- Marginal thinking compares the additional benefit and additional cost of doing slightly more of an activity.
- Economic outcomes are shaped not only by personal choices but also by income, institutions, ownership, access, and power.

Key Takeaway

Economics begins with scarcity: limited resources require choices. Every choice involves trade-offs and an opportunity cost, while incentives and institutions shape which options are available and attractive. Economic thinking helps explain not only how resources are used, but also who benefits, who bears the cost, and how outcomes might be improved.

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