


Lecture one

Definition of political economy science

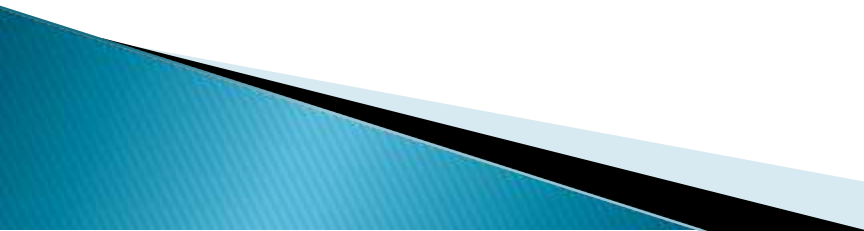
Definition of economics

- ▶ The science of political economy is considered a recently emerged field, and it is among the modern social sciences that continue to expand their horizons and define their features, although research in it has been conducted long before.
 - ▶ Economics is one of the social sciences that gives the diversity of individuals in their goals, objectives, and cultural, environmental, religious affiliations, etc. This categorization places it among the social sciences that focus on society and the economic and social relationships that arise among individuals in society through material goods and services, aiming to satisfy human needs in the community.
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Definition of economics

- ▶ The word economics refers to the concept of moderation or balance in something, opposing extravagance but also avoiding excessive frugality. It is about finding a middle ground between excess and deficiency.
- ▶ In the context of livelihood, it means not being extravagant nor excessively frugal. For example, someone may be described as moderate in their expenses, indicating that they manage their finances with balance and moderation. It can also be used to describe someone who acts with integrity, maintaining a balanced and moderate approach in their affairs.
- ▶ In terms of its etymology, the origins of the word economics can be traced back to the Greek words "**Oikos Nomos**," where "**Oikos**" means house or home, and "**Nomos**" means law. In general, it is interpreted as "**the law of the house**," referring to the set of instructions that regulate the household. This term was first used in the writings of the Greek philosopher Aristotle.

Definition of economics

- ▶ Economics is a branch of the social sciences that focuses on one aspect of human activity which is the economic activity.
 - ▶ It encompasses all individual actions related to production, distribution, exchange, and consumption, along with the economic phenomena that result from these activities.
 - ▶ This includes aspects such as development, income, savings, investment, inflation, economic cycles, unemployment, and others.
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the subject of economics

Economics is the science of scarcity

- "The science that studies human behavior as a relationship between goals and scarce means"
- Lionel Robbins defines economics as "the science that investigates the solution to the economic problem, which arises from the existence of multiple and infinite needs for the individual, while the available resources are limited and scarce."

Economics as the science of wealth

- William Stanley Jevons defines economics as: "The science that investigates the wealth of nations and the reasons that place one nation above another in terms of happiness and prosperity."
- The Scottish economist Adam Smith, in his definition of economics, states: "The science that studies how a nation can accumulate wealth."
- Alfred Marshall, the English economist, provides a definition in the same context, where he sees economics as "the science that studies the behavior of humans in their daily lives regarding the production, exchange, and expenditure of wealth."

Economics methodology

- ▶ **The deductive method** is considered one of the oldest research methods in scientific inquiry, dating back to the time of Aristotle. Deduction involves a mental process through which we derive, from a presumed proposition's validity, a conclusion that is considered inherent to it. This is accomplished through purely mental principles that revolve entirely in the mind, detached from reality. According to this method, the economist begins by establishing a set of premises assumed to be true, from which they deduce all the generalizations that lead to them. These generalizations collectively form economic theory.

Economics methodology

- ▶ **The inductive method** refers to the logical process through which one deduces, by means of actual facts, the laws governing the phenomenon under study. In this approach, economists arrive at economic theories by consciously organizing observed facts in practical life. This method is employed in field research, where the researcher starts with a set of historical facts, statistical data, and observations to attempt to derive conclusions and generalizations through systematic analysis of the facts.
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