

## **Axis One: Conceptual Introduction to Economics**

**First - The Concept of Economics:** Economics is the science that studies human behavior and welfare in relation to goals and objectives with multiple applications and the limited and scarce available resources.

- **The Beginnings of the Formation of Economics:** Economics began to crystallize in its current form as an independent scientific branch since Adam Smith published his famous book "The Wealth of Nations" in 1776. The first serious practitioners of economics were the proponents of the natural school, who believed in agriculture as a net source of profit.

### **Definition of Economics:**

- Adam Smith defined it as the science that studies how nations and societies can acquire wealth and means for its development.
- Milton Friedman defined it as the science that examines the ways societies solve problems of need, scarcity, and economic issues.
- Sam Wilson defined it as the science that studies how individuals and society choose the ways to use goods for consumption in the present and future.

From the above, it can be said that economics is the science of managing scarce resources and studying economic welfare. It is a collection of theories and intellectual models aimed at explaining how wealth is created and distributed within societies, and understanding how individuals interact with resources, especially concerning their scarcity.

### **Second - The Importance of Economics:**

- Dealing with the scarcity of raw materials
- How to distribute resources in society
- Government intervention in the economy
- Opportunity cost principle – alternative opportunity – project efficiency

**Third - The Emergence and Development of Economics:** The roots of economics trace back to ancient Greek civilization; the word "economy" is derived from ancient Greek, and the developments in civilization led to the spread of the concept of economics. Economics is considered one of the most important historical sciences, linked with a group of thinkers and economists such as Adam Smith, Karl Marx, and Thomas Malthus, who all used historical data in their economic analyses.

The Industrial Revolution between 1760 and 1850 led to a new era of economic growth due to leading technological developments in Europe, resulting in numerous innovations like the steam engine, accompanied by various advancements in the industrial sector.

### **Goals of Economics:**

- Achieving economic growth and development at both local and global levels.
- Stabilizing price levels at a certain threshold.
- Achieving economic efficiency.
- Full employment of labor in a society, making it productive.

- Guiding trade towards balance.
- Providing both freedom and economic security in societies.
- Ensuring a fair distribution of income.

**Fourth - The Evolution of Economic Thought:** Primitive economic thought emerged alongside the first ancient civilizations, such as Indian, Greek, Roman, and Chinese, extending to Arab civilization. Many philosophers and thinkers belonged to these civilizations, like Aristotle in Greek civilization and Ibn Khaldun in Arab civilization.

**Classical Economic Thought:** The publication of "The Wealth of Nations" by the economist and philosopher Adam Smith contributed significantly to the launch of economics as a science; this book sought to define production factors, namely capital, labor, and land, as well as organization—ideal economy—market.

**Marxist Economic Thought:** The emergence of Marxist economic thought is attributed to the ideas of philosopher and thinker Marx, who emphasized the absence of private ownership of property and production factors.

**Keynesian Economic Thought:** Keynesian economic thought was founded on the theories of economist John Maynard Keynes, focusing on both the public and private sectors, known economically as the mixed economy. Keynes's economic ideas differed from those of a free market economy; he advocated for government intervention in various economic areas, believing that governments rely on aggregate demand to combat recession and unemployment.