



Pakistan School
Kingdom of Bahrain

**A warm welcome to all
the students to our
virtual class.**

❖ Rules for class:

- 1) Be on time for all your classes.
- 2) Respect all the participants of the class.
- 3) Do not create any disturbance,
- 4) Pay attention to your teacher.
- 5) Raise hand if you have a question.
- 6) Entre into the class with your actual name.
- 7) Ask only questions relevant to the topic.

Brainstorming

- ⦿ Define economics in the words of prof. Adam Smith.
- ⦿ “Economics is a science of wealth”
- ⦿ How neo-classical school of thought defined economics?
- ⦿ “Economics is a science of material welfare”

Chapter One

Nature and scope of
economics.

Lesson Objectives:

- By the end of this part of lesson, students will be able to:
 1. Analyze the definitions of economics.

Mr. Robbins definition, the Prof. of London School of Economics:

- Prof. Lionel Robbins gave his definition of economics in his book” Nature and significance of Economic Science” in the year 1932 .He defined economics as,
- **“Economics is the science that studies human behavior as a relationship between ends and scarce means which have alternative uses.”**

◎ Robbins has made four facts of life the basis of his definition and they cannot be falsified. They are as follows:

1. Human wants are unlimited.
2. Wants are not equally important.
3. Means are limited.
4. Means have alternative uses.

Modern view of Economics

- Modern economics is not only concerned with maximum increase in availability of wanted goods but also the welfare aspects of life; public health, hours of work, quality of environment and so on.
- Modern economics tries to take into account not only output of economic “goods” but also economic “bads” like pollution.

- In final analysis, Economics is a study not of things, money or wealth but of people.
- Economics is about the people because scarcity itself is a human phenomenon.
- For example petroleum deposits in the world were not scarce until they become the object of human wants.
- Same is true of all other scarce resources.

Let's sum up:

◎ Key points:

1. It is now universally accepted that scarcity of resources and consequent need for choice is the essence of economic science.
2. Economics is a social science, it seeks to understand the choices, which people have to make while living among fellow human beings.
3. Economics is the study of choices made by people who are faced with scarcity of resources.
4. Modern economics is not only concerned with maximum increase in availability of wanted goods but also the welfare aspects of life.
5. Modern economics tries to take into account not only output of economic “goods” but also economic “bads” like pollution.

Homework

- Compare and contrast the Marshall's definition of economics and Robbins's definition of economics.

Thank you.
See you in the
next lesson.