

## **The first chapter deals with the nature of economics and the economic problem**

economics is one of the basic criteria for students of many disciplines in economics and management as well as commercial sciences and others. The topics covered by the scale are often directly related to the general life of man, the various activities that he practices and the social phenomena that he experiences in various fields. His movement, which makes him raise many questions in order to understand or search for answers to these phenomena.

### **1- The conceptual framework of economics and its relationship to political economy and other sciences**

#### **⌘ General meanings of economics**

The term “Economie” was initially applied to the method of organizing and managing family affairs, and then it included the sum of the internal and external material relations of nations.

The term economy has its origins in the Greek word Oikonomos. Oiko means house and Nomos

It means control or administration, and by that we mean by the word as a whole managing the affairs of the house, and economics language means moderation, so there is no extravagance or frugality.

Economics examines how humans and society decide to allocate scarce productive resources to produce various goods and services over time, and distribute them for present or future consumption purposes among the various constituent groups of society.

his is about the procedural definition of economics, from which we conclude that there is a problem called economics. Represented in the scarcity of resources and the multiplicity of needs, and accordingly, there are three questions on which every economy must be based, regardless of its structure, and by answering them, we reach three economic decisions facing countries, namely:

#### **→ What do we produce and in what quantities? :**

There is no doubt that all the commodities we desire cannot be produced, so what commodities should we produce and in what quantities; do we produce more food and less clothing? From one commodity will weaken the ability to produce another, every economy must answer these questions.

It should be noted that "if the prevailing system is a capitalist system, then the market forces are what determine the quality of the goods that will be produced, as the goods and services that make profits are produced, but if the society follows the mixed economy system, then the

resources are allocated to produce the goods that are dictated by the system." market according to the government's priorities."

→ **How do we produce?:**

"What is the nature of the economic resources that will be used in the production process? What is the required level of technology? Will we produce goods automatically or manually? Will we generate electricity using coal, oil or solar energy?"

Different combinations of productive resources can usually be used to produce a good; Education, for example, can be achieved with less work through more television lectures, recording devices and books, and chairs can be produced using more work and fewer machines.

→ **Who do we produce for?:**

This question consists in determining how the national product will be distributed among the members of society: will it be distributed through the market through the ability to pay? Or will goods and services be distributed equally, or will they be distributed through the market, and those who do not have the ability to pay will be subsidized?

**⊗ Special meanings of economics**

According to the different viewpoints and visions, the science of economics is defined as the science of wealth, the science of exchanges in the market, the science of scarcity and effective options as follows

**A- Economics is a science of wealth:**

The French classical economist Jean-Baptiste SAY defines economics in his book (A Treatise on Political Economy) as follows: "Political economy teaches us how to create and consume wealth that meets the needs of societies."

As for Adam Smith, who is considered as the founding father of political economy, the title of his basic book issued in 1776 was: "Research on the Nature and Causes of the Wealth of Nations," which is considered a definition of economics for all the classical economic current, as for this definition, the acquisition of wealth is the primary and final goal of the individual and society.

**B- Economics is the science of exchange:**

This definition appeared at the end of the 19th century by the French economist "Perot", and the definition goes out that the economic phenomenon is based

On the exchange, that is, the individual giving up what he has to the other in exchange for obtaining what he wants, and the intervention of money as a medium of exchange.

The defect directed at this definition is that it does not apply to economic systems in which exchanges are free, such as the closed economy system based on the principle of self-sufficiency, and as in the socialist system in which exchanges are not in the form known in the capitalist system.

### **C- Economics is the science of relative scarcity or the science of choice:**

The economy intervenes only where resources (money) are scarce in relation to needs, that is, where means are scarce in relation to ends. As for some resources such as the sun and air, economics does not interfere with their study.

Robbins defines economics as the science that studies human behavior, as the relationship between ends and scarce means with different uses, in order to meet needs, and the subject of economics is the analysis of these choices.

#### **ϖ The relationship of economics with other sciences**

The economist cannot ignore the non-economic aspects of the problem he is studying. The economist is better qualified to analyze the purely economic aspects of the problem, but he must be familiar with other aspects that include matters falling within the scope of other fields.

#### **] The relationship of economics with psychology**

The economic researcher is interested in knowing the behavior of the individual in spending and in choosing. Since human behavior results from latent psychological motives, and the economist's knowledge of psychology helps him analyze the behavior of the individual consumer and predict the future of this behavior.

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#### **The relationship of economics with politics**

We find that the politician cares about the affairs of society, and the science of economics also cares about the affairs of society from the angle of human needs and how to satisfy them, and that political decision makers seek the help of the opinions and analyzes of economists, which help them in the preparations required to wage war, for example. The political administration is also greatly affected by the prevailing economic conditions in the country.

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#### **The relationship of economics with mathematics**

In order to reach honest quantitative results, the economist uses mathematical methods in proofs and analysis. In the modern era, economics has become a science of exact sciences due to its frequent use of mathematics.

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### **Economics relationship with statistics**

The economist uses statistical methods to deal with economic phenomena and problems, such as knowing the price indices to measure the purchasing power of money and others. The economist also uses statistics in order to predict and measure the phenomenon in the future.

## **2 The economic problem: the concept of need, resources, and how to treat the economic problem according to the different economic systems**

### **⊖ Factors leading to the emergence of the economic problem**

The economic problem in any society is the inability to satisfy all human needs, and this is mainly due to scarcity, i.e. the insufficiency of the resources available to a society to meet all that its members need. The reasons for the scarcity problem can be mentioned as follows:

Non-exploitation or misuse of community resources.

The permeability of some materials.

An increase in the population at rates that exceed the increase in production.

Scarcity is a phenomenon that is not created by nature alone, but rather a significant aspect of it to the continuous progress of humanity in controlling the forces that increase the output of nature, which led to the growth and multiplicity of human needs, which can be translated into the responsibility of human nature as well for the existence and continuity of the previous phenomenon. .

### **⊖ What are the needs and what are the resources?**

Needs: These are the urgent desires of an individual to obtain goods or services. The most important characteristic of these needs is that they never end, but are always renewed and multiple. If we take, for example, a simple person who has very many needs and aspirations in life: he needs to buy an apartment and buy a car that he likes, and he needs to entertain himself by going on an entertainment trip, and so on.

As for the resources: they are defined as - what God Almighty facilitated and created - from means or sources, whether natural or human, whose use leads to the production of goods and services that satisfy the greatest extent of the unlimited needs of man.

The resources are divided into:

Free (non-economic) resources: They are abundant in nature and sufficient to satisfy all human needs, and we do not pay a price for obtaining them. Ex: sun and air.

Economic resources: They are limited and insufficient to satisfy all human needs, i.e. they are characterized by limitations and relative scarcity, and the scarcity criterion is the existence of a price in return for obtaining them.

In light of the economic problem, each society must decide two things:

Choosing the needs to be satisfied.

- Optimal exploitation of resources and choosing between alternative uses for them so that they can be used to produce the largest possible amount of goods and services to satisfy the largest possible number of human needs.

## ⌘ **How to face the economic problem within the different systems**

### **A- Confronting the economic problem under the capitalist system:**

The price system in the capitalist system guarantees the organization of economic activity and directs individuals towards existing profit opportunities. It is an effective tool for finding a balance between production and consumption. High prices lead to an increase in the profits of capital owners, which pushes them to expand the production process, thus increasing the quantity supplied of commodities. Services are what results in a decrease in their prices, just as prices are what determine how production factors are distributed among the productive sectors according to the desires of consumers. An increase in demand for commodities leads to an increase in their prices, and vice versa, as a result, it leads to a decrease in the profits of its producers and a contraction or cessation of its production.

### **B- Confronting the economic problem under the socialist system:**

The central planning apparatus in the socialist system ensures the organization of economic life and the distribution of production resources to the various sectors according to a general plan drawn up by the central authority, and all production units are committed to implementing it. decisions it deems appropriate, and the central authority undertakes to study the proposals of the various departments and reconcile them by sacrificing some needs to

satisfy others according to the availability of resources and what It is appropriate for the collective interest

### **C Facing the economic problem under the Islamic system**

The problem that Western economics came to treat is summed up for them in the problem of scarcity, by which they mean that the available resources are less than the required needs. From the scarcity of resources, but from their poor distribution, God Almighty created the earth and estimated its sustenance in it, and it is sufficient for everyone who bears it throughout his life. In other words, the economic problem arises when people abandon From proceeding with these livelihoods according to what the Provider commanded them to do, then imbalance arises and problems begin that have no remedy except by returning to the correct approach of Islam.