

English1 (For Economy Use)

eng 1 module

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Objectives

Chapter's objectives:

at the end of this chapter student will be able to:

- define economy and economic problem;
- classify economic sectors;
- recognize factors of production.

chapter 01: introduction to economics



1. Subject 01: Basic Economic Concepts

1. *What is economics:*

- Economics is the study of how individuals and societies make decisions about ways to use scarce resources to fulfill wants and needs[1].
- It is also the science that studies economies and develops possible models for their functioning[2].

2. The Nature of Economic problem

Since the resources available are limited or scarce relative to our wants, there must be a choice, any choice involves a cost, because choosing on alternative means that we should give another one, and thus, there is a count for such choice that is called the opportunity cost.

This is mainly the core of the economic problem, **which is a problem of scarcity and choice**[3].

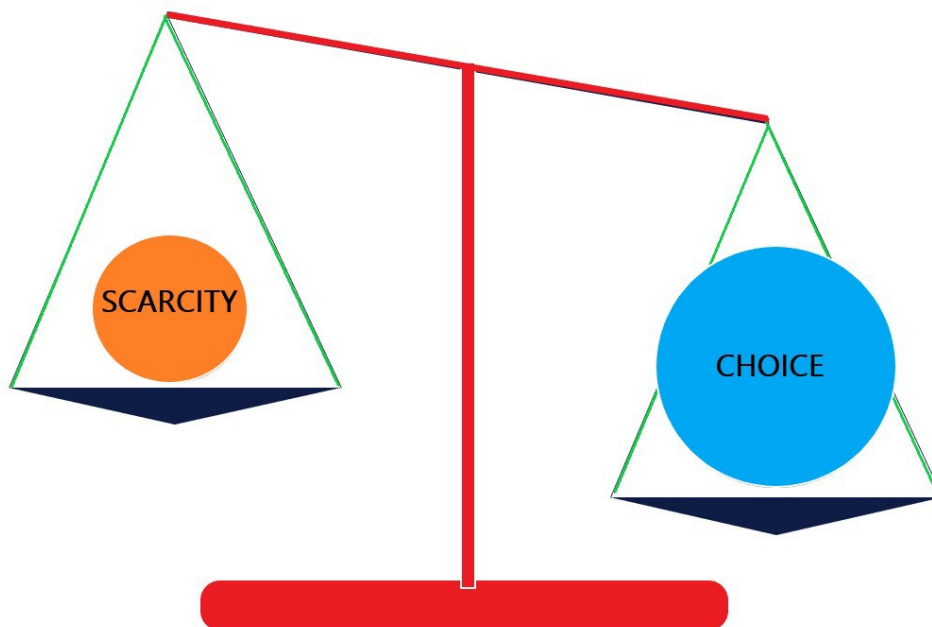


figure 1

Example

For example, a piece of land is considered a limited resource relative to the unlimited uses available for it. For instance, such piece of land could be used to build a house on it, build a gas station, or even cultivate it if it is fertile.

Therefore, this piece of land should have a certain price, as it is scarce relative to its alternative uses.

In this sense, a good is considered scarce and economic if it has alternative uses.

Definition

Thus, **scarcity** can be defined as the situation in which not enough resources are available to produce all goods and services that people want.

2. Subject 2: sectors of economy

Definition

An economic sector is a part of the economy where a particular business activity is undertaken.[4]

Economic Sectors Classification:

There are thousands of different jobs performed by people around the world, contributing to the modern global economy. To better make sense of how different types of work contribute to economic development and trade, these jobs can be classified into one of five economic sectors. These sectors are the primary sector, secondary sector, tertiary sector, quaternary sector and quinary sector.



figure 2

- **Primary sector:** Work performed in the primary sector produces raw materials and agricultural goods. It includes jobs in farming, mining, fishing, and forestry;
- **Secondary sector:** Secondary sector jobs involve turning raw materials into more valuable, manufactured items. Typically, these jobs are done in factories;

- **Tertiary sector:** Tertiary sector jobs do not actually produce anything, but instead, involve people providing services to others. This can be anything from a taxi driver to a nurse[5];
- **Quaternary sector:** Most of the jobs in this sector are also services but require more education and expertise than tertiary jobs. Included are Information Technology professionals, stockbrokers, and product developers;
- **Quinary sector:** Within this sector, government officials, top executives at large corporations, and research scientists are typically found, as well as the police, the military, and even non-profit organisations or charities;

3. Subject 3: Factors of production

1. Resources or factors of production:



figure 3

- **Land** does not involve land itself only but also all the other natural resources which the humans have not made any effort to make or modify them.
- **Labor** includes the workers' available time or working hours. it includes the natural ability which an untrained or uneducated person brings to a production process.
- **Capital** is divided into **physical capital** and human capital. On the one hand, physical capital involves all manmade means of production that are produced not for consumption but to be used in further production. Thus, physical capital includes machinery, tools, and buildings.

On the other hand, **human capital** focuses on labor quality which is related to labor skills and educational achievements. Thus, human capital is increased by investing in activities like education, training, and health. all these activities help increase the skills and capabilities of labor.

- Finally, **technology** and **entrepreneurship** play together an important role in putting the other factors (land, labor and capital) to work[6].

"Technology refers to the knowledge and skills that can be applied to the production of goods and services, whereas entrepreneurship includes the risk takers who combine all these factors of production together."

2. Types of production:

- **Primary Production:** The stage of production where raw materials are produced for the industries is known as primary production. The materials produced in the process of primary production are later utilized by secondary industries in their production process.

Primary production includes processes such as agriculture, mining, fishing, and others;

- **Secondary production:** is the process in which raw materials are converted into finished goods. The secondary industry-produced goods are further utilized by tertiary industries.

Examples of secondary production are manufacturing plants, construction companies, and others;

- **Tertiary production:** is the process in which industries involved sell the finished goods produced by secondary industries.

Examples of tertiary production are wholesalers and retailers, communication services, and others [7].

the production process:

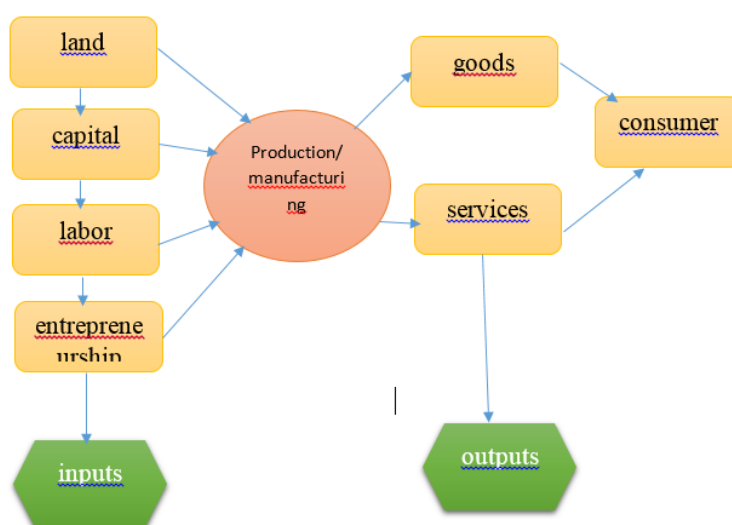


figure 4

3.1. terms of the first chapter

term	translation	meaning	term	translation
scarce resources	قردانل دراوملا	/	Forestry	تاباغلا
allocate resources	دراوملا صيصخت	the process of assigning and managing assets in a	Fishing	شامسأل اديص

		manner that supports an organization's strategic planning goals		
wants	تاب غرلا	stuff” we must have to survive, generally: food, shelter, clothing	Government	ةم و كحل ا
needs	تا ي ا ح ل ا	stuff we would really like to have (Fancy food, shelter, clothing, big screen TVs, jewelry, conveniences . . . Also known as Luxuries	Large corporations	قري ب ل ا تا ث ر ش ل ا
cost	ة ف ل ك ت	it is the value of money that has been used up to produce something or deliver a service	Factors of production	ا ت ن ا ل ا ل م ا و ع
price	ر ع س	The quantity of payment expected, required, or given by one party to another in return for goods or services	Production process	ا ت ن ا ل ا ق ي ل م ع
opportunity cost	ة ص ر ف ل ا ة ف ل ك ت ة ل ي د ب ل ا	The Value of the Next Best Choice	Inputs	ت ا ل خ د م
goods	ع ل س	A good is a tangible item that consumers desire or own	Outputs	ت ا ج ر خ م
services	ت ا م د خ	Services in economics are any intangible benefit offered to another		
consumer	ل ل ه ت س م			

		A person who purchases goods and services for personal use		
production	جانتنا	Production, the act of manufacturing goods, or the act of making products (goods and services)		
land	ضرايا	/		
labor	لمعنا	/		
capital	لأمل سار	/		
entrepreneurship/ entrepreneur	قداير / لأمل عال لجر لأمل عال	/		
Economic sectors	داصقالات اعاطق	/		
Global economy	يمل اعلا داصقتالا	/		
Economic development	ي داصقتالا روطتلا	/		
Trade	قضي اق م / قراجتلا	the activity of buying and selling, or exchanging, goods and/or services between people or countries		
Raw materials	قيلوال داوملا	the input goods or inventory that a company needs to manufacture its products		
Agricultural goods	قيعارزل اعلسلا	/		
Farming	قعارزلا	/		
Mining	ني دعجتلا	/		
Stockbrokers	قاروالا قرسامس قيلأمل	A stockbroker is an agent or firm that charges a fee or		

