

Date:

Name:

Lecture 1: Introduction to the nature and scope of PPE

1.1. What is PPE?

As an academic discipline, Economics is a study of **how scarce resources are allocated to the production of goods and services meet the unlimited wants of human beings**. With an understanding of economics, governments **purport to provide better living standards and conditions for their citizens; which traditionally is the foci of Politics**. But economic and political activities are only possible through certain theoretical assumptions about human nature provided by Philosophy.

1.2. Central Problems of a Political-Economy

(a) Resources: As seen in our pre-course survey, human wants are limited. And as seen in the case study of the iPod, resources are limited, in the broad areas:

- i. *Natural Resources:* depleting resources such as coal and petroleum.
- ii. *Factors of production (Land, Labour, Capital, Entrepreneurship).*
- iii. *Finance*
- iv. *Time*

(b) Scarcity: With unlimited wants and limited resource, scarcity arises. It is a situation whereby scarce resources are unable to meet unlimited wants.

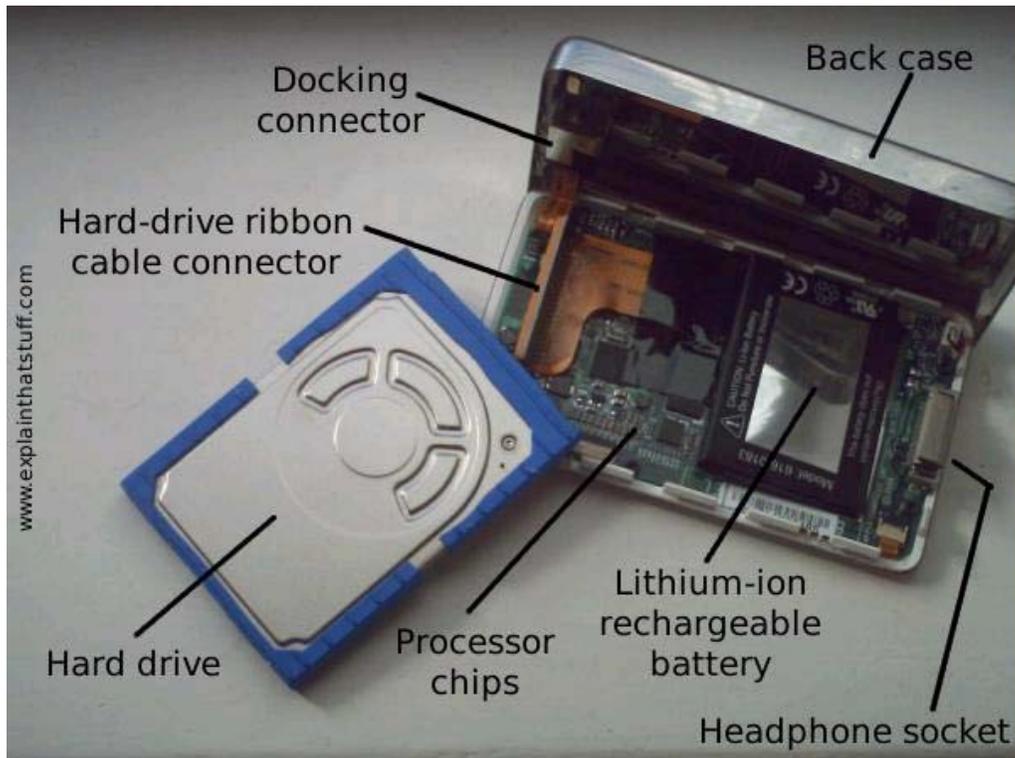
(c) Opportunity cost: the existence of scarcity necessitates choice as human beings are only able to satisfy not all, but only some of our wants. Therefore we make priorities our wants so that our satisfaction is maximized, with the given scarce resources. But as we make choices, we **forgo the next best alternative (definition of opportunity cost)**. *Illustration of opportunity cost:

1.3. Opportunity Cost, International Trade and the case of iPod

Living in a globalized economy many things around us are likely to be manufactured or produced in many different countries. Let us take the case of the 30GB 5th Generation iPod (Video iPod).
Some preliminary questions first:

- (a) Name the company that manufactures the iPod: _____
- (b) Name the country and the state where this company originates from: _____
- (c) Where is iPod made?

1.4. Let us *dissect the iPod¹



1.5. ICT: Inquiry questions

- (a) Does Apple Inc. produce all the components that make up an iPod?
- (b) So where are these parts made?

¹ If you have an iPod and you wish to conduct a similar dissection, you are entirely responsible for the potential damage(s) caused. The instructor is not responsible for any damages as this video demonstration is aimed at presenting the components of the iPod only.