



English, Economics, Politics, and Philosophy

## **Unit 1 Evolution of Economics**

### **Lesson 1.2a: The Economists and graphs**

#### **Pertinent Concepts**

- The Father of Modern Economics – Adam Smith
- Pessimistic Economist – Thomas Malthus
- The Structure of Market
- Production Possibilities Frontier (PPF)

#### **Learning Goals:**

- I will be able to describe the rationale of ‘invisible hand’
- I will be introduced to different sectors of the market
- I will be able to calculate the opportunity cost for PPF
- I will distinguish the arithmetic/geometric growths of population

#### **Success Criteria:**

**profit-motive**

- I can discuss why people should be ‘selfish’.

## ~~MINDS ON~~

immoral = not socially acceptable

**Question 1:**

不道德

moral = socially acceptable (道德)

Competitions often occur in our life. Whether it's a test, a contest, or

promote (v)

one's job promotion; and sometimes we become 'hyper-competitive',

improvement especially for title/ 升遷 super-competitive

i.e., want to outperform others at all cost. What are your thoughts on this

prevail/ win

topic?

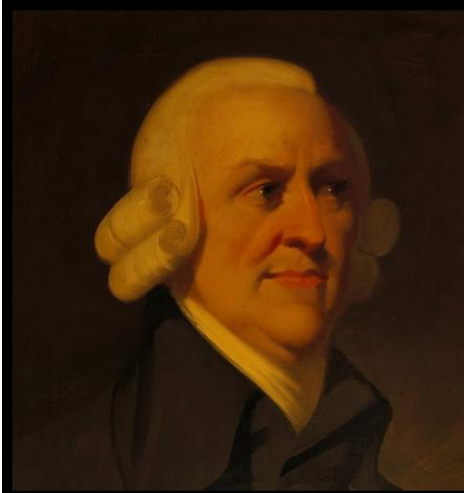
We can't say that it's certainly a bad thing or a good thing; because there are different situations.

(argument for a bad thing) For example, if a bad guy becomes a bad cashier at 7-11, then the boss of 7-11, he might sell immoral products (guns and weapons) to the customers. Whereas, if a good guy becomes a good cashier he will sell good products like books and milk .

-balance the argument

# ACTION

## I. Adam Smith – Father of Economics

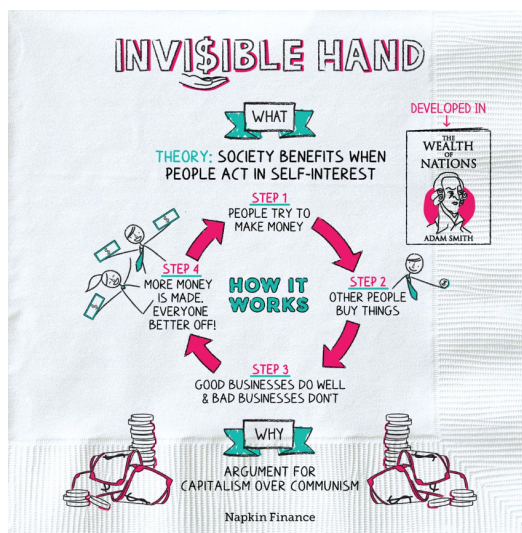


“ It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. ”

### Adam Smith (The Wealth of Nations)

Adam Smith, as a Scottish philosopher and perhaps the first modern economist, wrote *The Wealth Of Nations* in 1776 (The same year the US became independent). Although his thousand pages length he describes various ‘principles,’ such as the prototype of monetary system, four of his conceptualizations stood out prominently: 1) profit-motivated

To divide works into people  
Because no one can do all the jobs  
(self-interest) 2) specialization (division of labour) 3) law of  
accumulation, and 4) law of population. These four theories  
together form one of his ideas namely the Invisible Hand;  
where the market operates according to the coordination between  
customer and supplier, only if the governments do not  
intervene.

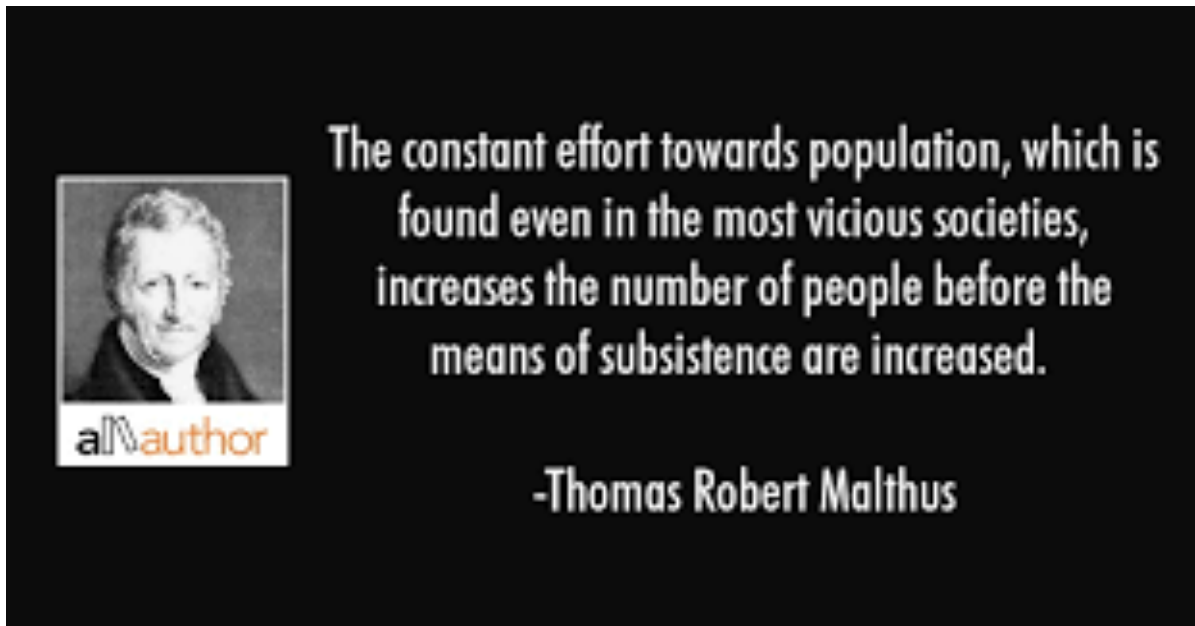


**Question 2: Do you agree with this idea (invisible hand)?**

I agree with this idea, because I believe there is this invisible force that will coordinate your spending and earned money for a better society

sad/ negative

## II. Thomas Malthus – Pessimistic Economist



Robert Malthus was known as a ‘pessimist’ economist. This was due to the fact that he believed in **inevitable poverty** and **starvation** for the masses. In his book *An Essay on the Population*, he disagreed with Adam Smith about the natural growth of the economy because unlike Adam Smith, **he did not believe that most people (masses) are rational. They are, in fact, irrational.** Robert Malthus argued that there is a direct conflict (contradiction) between production of food and production of population. This is related to the 1st law of economics: that our resources are limited, but our needs/wants are unlimited. For example, the land on which the crops grow is limited, but the need of food is unlimited due to increase in population. Unlike Adam Smith, Malthus argued that nature is more

powerful than man, and therefore governments can do very little to end poverty and hunger. Again, this is due to the direct conflict between arithmetic progression and geometric progress, i.e., food production and sexual drive. However, Malthus also believed that there were two solutions to this conflict: a) **positive checks** (war and disease will naturally reduce population) b) **preventive checks** (moral restraint: **people should not have children until they can afford to feel them. Therefore, sexual instincts should be controlled**). In conclusion, Malthus was pessimistic about economics because he saw mass hunger/famine due to irrationality of people; famine is to him inevitable.

