

ECONOMICS : -

“Definition of Economics”

Meaning and Scope of Economics

- Main definitions of Economics
 - i) Science of wealth,
 - ii) Science of welfare,
 - iii) Science of scarcity,
 - iv) Science of growth and development.

1. Wealth Definitions

- This definition by the father of economics, Adam Smith, is the first important and comprehensive definition.
- “ Economics is a subject concern with an Enquiry into the nature and causes of wealth of nations.” ---Adam Smith
- “ Economics is the science which treats of wealth” ---J B Say.

Main Features:--

- Wealth is the Central Point of Economics
- Imagination of Economic Man
- Nature or Meaning of Wealth

- Merits:-
- The purpose of study of Economics is to increase the prosperity of both the Individual and the state

Criticisms of Wealth Definitions:-

- i) More Emphasis on Wealth
- ii) Narrow Meaning of Wealth
- iii) Concept of Economic Man
- iv) Neglect of Welfare
- v) Neglect of the Problem of Scarcity and Choice
- vi) Neglect of Means to Attain Wealth
- vii) Narrow Subject matter

2. Material Welfare Definition

- Neo-classical Economist-Marshall, J S Mill
- Pigou etc.
- “ Economics is the study of mankind in the ordinary business of life.”- Marshall
- “Economics is the science of material welfare” – Penson

- Promotion of welfare of mankind

Main Features:--

1. Importance to the study of Man
2. Study of Social Man
3. Ordinary Business of Life
4. Study of Real man
5. Material Requisites
6. Welfare
7. Science and Art
8. Classificatory

9. Money is the Measure of Material Welfare

Criticism of welfare definition

- Economics is not restricted to material things, non material things like health and education, entertainment are also important,
- Welfare is subjective and varies from person to person,
- It is difficult to segregate material welfare from other types of welfare,
- The concept of welfare is not fixed but subject to change and interpretation,
- It differs from time to time, country to country

3. Science of scarcity

- Economics is “the science which studies human behavior as a relationship between ends and scarce means which have alternative uses of economics. Lionel Robins is the author of this ”- Lord Robins
- “ Economics is the study of how men allocate their
- Limited resources to provide their wants”- Harvey

- Main Features—
- 1. Unlimited Wants
- 2. Limited Means
- 3. Wants differ in Urgency
- 4. Economics Problems

Merits :-

- Analytical Scope
- Wider Scope
- Universal
- Positive Science
- More Logical

• Criticisms--

- Ignores So Study of Human Behavior
- Social Aspects
- Very Wide Scope
- Impractical
- Not fully Applicable to Rich Country
- Scarcity is not a Economic Problem

4 .Science of growth and development

- “Economics is the study of how men and society chose, with or without the use of money, to employ scarce productive resources which could have alternative uses, to produce various commodities over time and distribute them for consumption now and in future amongst various people and groups of society”