Meaning and definition of Economic- Wealth and Welfare definitions

Ch-1

Class-9th

Subject-economics
INTRODUCTION

✓ Often regarded as Queen of Social Science. - concerned with economic questions - explains a large variety of questions related to economic behaviour of individuals, society and the economy.
✓ Describes economic events, why they occur, recommends the appropriate action.
✓ Important to study as it deals with economic issues related to us as individual and citizens as well.
✓ Eg. What is the impact of current situation (corona virus threat) on us as well as on our economy as well as other economies of the world?
DEFINITION OF ECONOMICS

- WEALTH DEFINITION: BY ADAM SMITH
- WELFARE DEFINITION: BY ALFRED MARSHALL
- SCARCITY DEFINITION: BY LIONEL ROBBINS
- GROWTH ORIENTED DEFINITION: BY PAUL SAMUELSON
WEALTH DEFINITION: ADAM SMITH

✓ Regarded as the FATHER OF ECONOMICS.
✓ Scottish Philosopher
✓ Important Book: Wealth Of Nations
WEALTH DEFINITION

“Economics as a Science which enquires into the nature and causes of wealth.”

KEY POINTS:
- Classical economists emphasized on production, growth and distribution of wealth as the subject matter of economics.
- Wealth has been given the Central place.
- Important issues are issues of production, distribution, consumption, exchange and growth.

CRITICISED BY:
ALFRED MARSHALL
CRITISMS:
  Gives too much importance to wealth and ignores the higher values of life such as happiness, affection etc.
  ❖ They have defined wealth in a very narrow and restricted sense. As they have included only material goods ignored non material goods.
  ❖ Has given undue emphasis on wealth has put human being to secondary place, as a matter fact ultimate object of economics is to promote human and social welfare.
  ❖ Ignores the basic cause of economic activity i.e. relative scarcity of economic resources.

WELFARE-DEFINITION: ALFRED
MARSHALL

✓ Professor of Political Economy at CAMBRIDGE
✓ Book: Principles of Economics
✓ Enjoyed worldwide reputation in English speaking countries.
✓ First economist who tried to raise the status of economics.
“Political economy or economics is the study of mankind in the ordinary business of life; it examines that part of individual and social action which is most closely connected with the attainment and with the use of material requisites of well-being. Thus it is on the one side, a study of wealth and, on the other and more important side, a part of the study of man.”
WELFARE DEFINITION

KEY FEATURE:

- Primary emphasis on the study of mankind. - emphasized on both mankind and wealth - wealth provides the material basis of human welfare, so is the means for it.  
- Study of mankind in the ordinary business of life. 
  - not concerned with the social, religious and political aspects. 
  - concerned with only the income earning and income spending activities i.e. only economic aspect.

CONTINUATION-OF-KEY FEATURES:
Placed emphasis on material welfare, not concerned with total human welfare.

- material welfare means that part of human welfare which is related to wealth.

CRITICISED BY: LIONEL ROBBINS
CRITICISM OF WELFARE DEFINITION:

- Criticised for treating economics as a social science rather than a human science.
  - S.S. studies people living in organised community
  - H.S. studies an individual whether he is a member of organised community or not.
- Distinction between economic and non-economic activity is illogical and illusory.
  - Human activities cannot be categorized - for eg.: activities in orphanage are social, but have economic angle as well.
- Material welfare cannot be separated from total welfare.
- Excludes non-material things such as services of doctor, teacher etc.
- Economic welfare cannot be quantitatively measured
- Welfare is subjective thing; It differs according to time, place and individual.
- Some goods like alcohol, cigarettes and guns do not promote economic welfare still are studied in economics.

https://youtu.be/tg52w0FArw4