

~~Principle of Economics~~

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Q. Describe the Marshall definition of Economics?

Ans.

Economics is a study of mankind in the ordinary business of life. It examines that part of the individual and social action which ~~are~~ is more close connected with the use of the material requisites of well-being in this Marshall gave primary importance to man and wealth got only secondary importance Pigeon, Cannon and Champer also had given similar definition emphasizing human welfare as the important objectives of economics Features of Marshall definition.

This definition clearly states that Economics is on the one side a study of wealth and on the other and more important side "a part of the study of man."

In other words "Science of human welfare."

* Features of Marshall's definition: -

(1) Wealth is not the be-all and end-all of economic →

Economics does not regard wealth as the be-all and end-all of economic activities. Wealth is sought for promoting human welfare. Hence, wealth is only a means to the fulfillment of an end which is human welfare. Thus wealth is relegated to a secondary place.

(2.) Study of an ~~erist~~ ordinary man → Economics is not concerned with what is called in Economics 'economic man', i.e., a man whose only motive is to acquire wealth for its own sake and who is not influenced by human consideration in the pursuit of wealth.

(3.) Economics is a social science → Economics is a social science, and not one which studies isolated individuals or Robinson Crusoes. Economics study people living in society influencing other people and being influence by them.

(4.) Economics does not study all activities of man:-
Economics does not study all the activities of man. It is concerned with those actions which can be brought directly or indirectly with the measuring - rod of money. Marshall clearly explains that economic activity is different from other activity, for example:- Social activity, Political activity and religious activity.

(5.) Study of material welfare:- Economics is concerned with the ways in which man applies his knowledge and skill to the gifts of nature for the ~~stair~~ satisfaction of his material welfare. Economics study only material requisites of well-being or causes of material welfare.

* Criticism :— The definition of economics given by Alfred Marshall was generally accepted. It enlarges the scope of economics by emphasizing the study of wealth and man rather than wealth alone. However, Marshall's definition was criticized by Lionel Robbins. In his book "Nature and Significance of Economic Science" in 1932, Robbins gave a critical review of the welfare definitions of economics —

(a) Classificatory and Impractical → Robbins rejected Marshall's definition as being classificatory because it makes a distinction between material and non-material welfare and says that Economics is concerned only with material welfare.

(b) Narrow down the scope of economics → According to Robbins, the use of the word "material" in the definition of economics considerably narrows down the scope of economics. There are many things in the world which are not material but they are very useful for promoting human welfare. For example, The services of doctors, lawyers, teachers, dancers, professors etc.

(c) Relation between economics and welfare → The second objection raised by Robbins on welfare definition is on the establishment of relation between economics and welfare. According to him, there are many activities which do not promote human welfare, but they are regarded as economic activities.

(4) Economics is not a natural science — The link economics with welfare is to impute value judgement regarding good and bad. Thus, economics will become a normative science. Robbins said that economics is a positive science dealing with what is and not concerned with, what ought to be. Robbins is of the opinion, "whatever economics is concerned with it is not concerned with the causes of material welfare."

(5) Economics is not only a social science but a human science →

~~The definition excludes non-~~
According to Marshall "Economics is a social science" Robbins states that economics is also applicable to 'cave economy' where only one individual is involved who says in an island. Many laws of economics like 'diminishing returns' apply to those who live in society and outside it.

Marshall's definition is simple as well as pragmatic. However, it is defective logically and weakens the scientific foundation of economics.