

Course– MACROECONOMICS

Lecture 3 DEFINITIONS OF ECONOMICS

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TOPICS TO BE DISCUSSED

Definitions of Economics

- Definition by Adam Smith
- Definition by Robbins
- Definition by Other Economists

WEALTH DEFINITIONS OF ECONOMICS

➤ “**Adam Smith**, the father of Modern Economics, in his book entitled 'An Enquiry into the Nature and Causes of the Wealth of Nations' (Published in 1776) defined Economics as a study of wealth.

➤ Focus on wealth

➤ Wealth-Materialistic Goods

➤ Cause of Wealth- increased supply & increased demand

WELFARE DEFINITIONS OF ECONOMICS

- **Alfred Marshall**- "Economics is a 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 the 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 the man".
 - Study of man
 - Focus on Materialistic Wellbeing/Welfare
- **A.C. Pigou** - "The range of our inquiry becomes restricted to that part of social welfare that can be brought directly or indirectly into relation with the measuring rod of money".

SCARCITY DEFINITIONS OF ECONOMICS

- **Robbins-** "Economics is the science which studies human behavior as a relationship between ends and scarce means which have alternative uses".
- **Scitovsky-** "Economics is a science concerned with the administration of scarce resources."

Focus on:

- Positive Science
- Study of human behaviour and scarce resources

GROWTH ORIENTED DEFINITIONS

Paul A. Samuelson- "Economics is the study of how men and society choose, 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 the future amongst various people and groups of society".

Focus on:

- Efficient allocation of resources
- Full utilization of resources

CONCLUSION

- Different views on economics
- Definitions of economics changed overtime as the subject matter of economics is ever changing
- However, growth definitions were improvement over the earlier definitions

Thank You 😊