

According to MILTON FRIEDMAN,

"Economics is the science which tells us how a particular society solves its economic problems".

According to LIONEL ROBINS,

"Economics is the science which studies human behaviors as a relationship between ends and scarce means which have alternative uses".

**NOTE:**

1) ADAM SMITH laid down the foundation of classical school of thought and the economists who regarded economics as the science of wealth are known as Classical Economists or followers of ADAM SMITH.

2) ALFRED MARSHALL laid down the foundation of Neo-Classical School of thought and his followers are known as Neo Classical Economists. They regarded economics as the study of Materialistic Welfare.

3) LORD LOINEL ROBINS and his followers are known as Modern Economist. ROBINS laid down the foundation of Modern School of Thought. He says that economics is a study of human behavior as a relationship between ends and scarce means that have alternative uses.

**Q. ECONOMICS IS A STUDY OF WEALTH  
DISCUSS.**

(Classical School Of Thought)

ADAM SMITH is considered as the founder of economics. He in his books "An Inquiry in to the Nature and Causes of Wealth of Nations" published in 1776 defines economics as "A science of wealth".

According to SMITH,

"Political economy is an inquiry in to the nature and causes of wealth of nations. It discusses the production, consumption, distribution and exchange of wealth".



Following are some other definitions of Classical Economists.

Classical economist **KARL MARX** defined economics as, "The science of production".

According to **N.W. SENIOR**,

"Political economy is the science that treats the nature, the production and the distribution of wealth".

**ADAM SMITH** laid down foundation of Classical School of thought and the companions of **SMITH** such as **MALTHUS**, **RICARDO**, **J.S. MILL**, **J.B. SAY**, **WALKER**, **SENIOR** and **CHAPMAN** are called Classical Economists. It is clear from the definition of economics put forth by **SMITH** that Economics studies the wealth of the nations. This definition stresses on the production, consumption, distribution and exchange of wealth.

**SMITH** discussed how Production takes place with the help of factors of production, Consumption of wealth means how to use or demand different goods, Distribution means how the rewards of factors of production are distributed among them, Exchange of wealth means transfer of wealth from person to person or nation to nation.

### CRITICISM:

The definition of Economics put forth by **ADAM-SMITH** was severely criticized by the economist of that time. The main criticisms are, as under:

- 1) The definition is called pig philosophy.
- 2) The definition gives too much importance to wealth, which is unrealistic. Because man is more important than wealth.
- 3) The meaning of the word wealth is not clear in this definition.
- 4) In this definition Human Welfare is neglected.