

- 5) It is called dismal science.
- 6) The definition of Smith teaches selfishness.
- 7) The definition is considered narrow as it does not include services.
- 8) It creates misconceptions about the subject.

**Q: CRITICALLY EXAMINE MARSHALL'S DEFINITION OF ECONOMICS.**

(Neo Classical School Of Thought).

**DR. ALFRED MARSHALL** the leader of Neo-Classical School of Thought criticizes the wrong concepts of economics built by **ADAM SMITH**; **MARSHALL** introduced a new definition based on welfare. He in his book, "The Principles of Economics" 1890 writes that,

"Economics is a study of man's action 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".

Dr. Alfred Marshall did not ignore the role of wealth because wealth is the only mean to achieve the requisites of material well being but he focused on human activities related to increase the material welfare of human being.

According to **MARSHALL**,

"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'".

The economists who define economics as it defined by Alfred Marshall are known as Neo Classical Economist or the companions of Alfred Marshall. They are A.C.Pigou, Canon, and I.B. Clark etc. According to these Economists, "The subject matter of economics is to get more and more Material welfare".



Following are the three important points of Marshallian definition.

- 1) Economics is interested in human welfare and not in wealth.
- 2) Economics is a social science and deals with ordinary business of life.
- 3) Economics studies only those activities, which are concerned with Material requisites, Non-material activities are not included.

So Economics according to Neo-classical economists studies the activities of man who makes the satisfaction of wants possible. This removes the misconception about subject that it is the study of wealth only. Actually wealth is needed for human welfare.

#### MERITS:

- 1) Economics is a study of ordinary man who lives in a society.
- 2) Economics is interested in human-welfare.
- 3) It is a social science and not one which studies isolated individuals.
- 4) It is broad definition as compared to the classical definition.
- 5) It identifies the ways and means to improve Human welfare.
- 6) It is comprehensive and clears the misconceptions put forth by Smith.

#### CRITICISM:

Marshall's definition was severely criticized by the Modern Economists. The main points of criticism are as under:

- 1) It does not have any practical significance because it only studied Material activities Non-material activities are neglected.



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- BT SYED-AHSAN SHAKEEL
- 2) According to this definition, Economics deals with persons living only in society. It ignores others who also may have economic problems.
  - 3) The concept of welfare is not clearly defined and not measurable.
  - 4) In the modern world, the factories of Tobacco are important part of economy. It may not increase welfare but it is regarded economic activity.
  - 5) Robins criticizes that we can't divide human activities for material and non-material gain.
  - 6) Another objection raised by Robins is that the concept of welfare is vague. Welfare in the definition involves value judgment. According to Robins economics is neutral between ends. It is not concerned whether the ends are good or bad.

**Q. CRITICALLY EXAMINE ROBIN'S DEFINITION OF ECONOMICS.**

(Modern School Of Thought).

LORD LIONEL ROBINS the Professor of London School of Economics challenged the welfare view of the nature of economics science. He rejected the definition given by Marshall and put forth his own definition of economics. Robins in his book, "Nature and significance of Economics" says that "It is a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses".

The definition is based on four points.

1) End Are Unlimited:

End means wants or desire. Human being have wants, which are unlimited in number. They are constantly making efforts to satisfy these wants. The nature of these wants is such that if one want satisfied



another want arises. All the wants or desires cannot be fulfilled. Man's activities are for the purpose of achieving these multiple wants.

## 2) Difference In Importance:

All the wants have different importance. Some are more important like food, cloth etc. and some are less important like perfume fruits etc. that can be postponed. People arrange their wants in order of preferences e.g. food is more important than fruits so every one tries to satisfy those wants which are more urgent.

## 3) Scarce Means:

The means are scarce as compared to unlimited wants. The means to satisfy them are limited. The means include time, money, capital and other factors are limited and insufficient to meet all of our needs. No body has unlimited income or resources to pay for all of his ends.

## 4) Alternative Uses Of Means:

The resources have alternative uses. It means they can be used for different purposes e.g. a piece of land may be used for growing cotton, Rice or wheat or used to built a house. Similarly a piece of wood can be used to make a bat or a hockey but not all at the same time. So human being has to decide where to put the resource to use. In using our resources for different purposes we have to be careful so that benefits will be maximum.

## MERITS:

Robin's definition is superior to earlier ones on many points. Some of them are as under:

- 1) Robin's definition is comprehensive and clear based on simple observable facts of life.



- 2) It widens the scope of Economics. All types of human wants either material or immaterial are included.
- 3) Robins makes economics a positive science whereas earlier Economists regarded it as a normative science.
- 4) This definition is Universal as it is true for all the times and for all the places.
- 5) Robin definition made Economics a scientific subject instead of vague and immeasurable idea of welfare. He has introduced a better idea of scarcity, which is measurable.
- 6) Robin considers all the activities whether good or bad if are having economic significance must be included in Economics.

#### DEMERITS:

- 1) The concept of human welfare is not given in this definition.
- 2) The definition of economics put forth by Robins is not simple it is difficult to under stand. This is for economists not for a common man.
- 3) Robins made economics a pure science, infect it is a social science not a pure science.
- 4) Robins widened the scope of economics unnecessarily activities which are not economic even scarce should not be studied.
- 5) The definition fails to explain the problem of unemployment in UDC's. According to Robins economic studies only the problem of scarcity.
- 6) Robin's definition ignores the economic development and the macro aspects.
- 7) According to Robins as society can produce any thing which satisfy the human wants even it is harmful e.g. wine, so this concept is not favourable for the human being.