

DON BOSCO SCHOOL, KOKAR, RANCHI

Session-2020 - 2021

Class 8

Subject- ECONOMIC APPLICATIONS

CHAPTER 1: CONTINUATION

DEFINITION OF ECONOMICS

WEALTH DEFINITION

Q. 1: Who has given the Wealth oriented definition of economics?

Ans: Adam Smith, the classical economist has given the Wealth oriented definition of economics.

Q.2: Define wealth oriented definition of economics given by Adam Smith.

Ans: Wealth oriented definition given by Adam Smith, "A science which enquires into the nature and causes of wealth of nation."

Q. 3: What is 'wealth in Adam Smith's view?

Ans: In Adam Smith's view 'wealth' refers to gold, silver, land, buildings and the whole production of goods that can be consumed. According to him wealth is the annual produce of the land and labour of the society.

Q. 4: What are the main features of wealth definition?

Ans: The main features of wealth definitions are:-

1: STUDY OF WEALTH - According to wealth definition the only proper subject of Economics is wealth. Economics studies the nature of wealth and the causes that increases wealth. To increase the wealth, production of material goods has to be stepped up. The objectives of Economics is to examine how people earn wealth and spend it.

2: CAUSES OF WEALTH - Economics seeks to examine the causes which leads to an an increase of wealth. The Wealth can be increased by its production and accumulation(gathering or increase something over time) .

3: STUDY OF MATERIAL GOODS : In wealth definition, the term 'wealth' has been used only for material goods only. Non material goods like services have not been considered as wealth.

4: ECONOMIC MAN- In wealth definition, Economic man is the one who is aware of his self interest to earn wealth. The people in the society are engaged to increase material goods through acquisition of wealth.

Q. 5 Critically discuss wealth definition of economics given by Adam Smith.

OR

Explain the criticism of wealth definition of economics.

Ans: Many thinkers like Carlyle, Ruskin, Charles Dickens and William Morris did not agree to wealth definition of economics. They described it as the 'Science of Bread and Butter', Pig Science, 'Dismal Science', 'Gospel of Mammon', 'Bustard Science' etc.

wealth definition has been criticized on the following basis:-

1: TOO MUCH STRESS ON WEALTH - Classical Economists have given more importance to wealth than higher values of life such as happiness, love, affection, etc. It has ignored man and his welfare. In the beginning people thought that being rich by gathering wealth may lead to happiness. So the earlier economists or wealth definition of economics has emphasised on wealth.

2: STUDY OF MATERIAL GOODS ONLY - In wealth definition, too much emphasis on material goods has been given. The term wealth has been used only for material goods like cloth, milk, sugar, tea, etc. Non material goods like services like health, education communication, transport etc are not included.

3: NARROW VIEW OF WEALTH - Major criticism against wealth definition is that the classical economics have defined wealth in a very narrow and restricted sense. According to them wealth consists only material goods which are visible. They have not included non-material goods and services like health and education. In this way classical economists have narrowed down the subject matter of Economics to material goods only.

4: SECONDARY PLACE TO MAN/MORE STRESS ON THE CONCEPT OF ECONOMIC MAN - The Wealth definition of Economics has given more stress on wealth. It has reduced the importance of man to secondary place. It has emphasised that the main motive of a man is to acquire more wealth for his personal benefits. In wealth definition, wealth was kept at the centre.

HUMAN BEINGS_ WEALTH AS END (WANTS)

NOTE: HERE WANTS MEANS DESIRE THAT CAN BE SATISFIED BY CONSUMING GOODS AND SERVICES.