

**Important Question-Answers:****Q-1 Explain the definition of economics given by Prof. Marshall. (6 Marks – December 2012)****Ans:****Introduction:**

Though (છતાં) the definition given by Adam Smith prove (સાબિત થવું) to be a guiding star in development of the economics the definition was not sufficient (પૂરતું) to define subject matter (વિષય વસ્તુ) of economics. Wealth is there but more importance (મહત્વ) was given to man. Emphasis (ભાર) was shifted (ફેરવવું, બદલવું) from wealth to man after Alfred Marshall's views (મત) about economics.

**Definition (વ્યાખ્યા):**

According to (ના મત મુજબ) Alfred Marshall, "Economics is a study of man in the ordinary (સામાન્ય) business of life. It inquires (તપાસ કરવી, શોધવું) how he gets his income and how he uses it. Thus (તેથી), it is on one side the study of wealth and on the other and more important side a part of the study of man."

**Important points of Marshall's Definition:**

- 1. Man is at the centre:** Marshall gave primary (મુખ્ય) importance (મહત્વ) to man and wealth was given secondary importance. He says economics is concerned (કિકર, ચિંતા કે કાળજી રાખવી) mainly with how wealth is used by man. It is the study of men's ordinary business of life which means his wealth getting and wealth using activities.
- 2. Study of economic (આર્થિક) aspect (પાસું, બાજુ):** An individual has several (ધણી) aspects (પાસું, બાજુ) of his life viz. (namely, અર્થાત, એટલેકે) social (સામાજિક), religious (ધાર્મિક), political and economic. Economics studies only economic activities related (સંબંધિત) with earning and spending (ખર્ચ કરવી) income and leaves (છોડી દેવું) other activities.
- 3. Deals with (ની તરફ ધ્યાન દેવું) social actions:** Based on Marshall's views since economics is a social science it studies economic behavior (વર્તન) of people living in society. But actions of isolated (એકલું, અલગ રહેતું) individuals (માણસો, લોકો) are outside its scope (પહોંચ, સીમા).
- 4. Material (સ્થૂળ પદાર્થ, સામગ્રી) Welfare (કલ્યાણ, ભલું):** Only those activities which are related with (related with – ના સાથે સંબંધિત હોવું) well-being (કલ્યાણ, ભલું) of individual form part of study in economics. In other words, economic studies only material welfare. Hence (તેથી, આ કારણે), his definition is known as 'welfare definition'.

**Criticism (નિંદા, ટિકા):**

Prof. Lionel Robbins of the London School of Economics criticized the definition given by Prof. Marshall on the following basis:

- 1. Human science:** Marshall considered (વિચારવું, ધ્યાનમાં લેવું) economics as a social science rather than as human science. A social science studies individual as a member of society, so activities of isolated person are not counted (ગણતરીમાં લેવું). A human science, on the other hand, will include (સમાવેશ કરવો) every human being of the society whether (જો અથવા જો નહિં...તો) living in society or away from society.
- 2. Only material goods:** Marshall emphasized (ભાર મુકવો) on material welfare which means only physical goods, he excluded (બાકાત રાખવ) services. Prof. Robbins criticized Marshall saying that services of doctors, lawyers, teachers etc. are also economic activities because they are scarce (અપૂરતું) and they satisfy human wants.
- 3. Activities not conducive (અનુકુળ) to human welfare:** Alfred Marshall included only those goods which give rise to human welfare. Robbins criticized him by saying that activities like production and sale of alcohol and tobacco products does not give rise to human welfare but are part of economic study which was ignored (ઉપેક્ષા કરવી) by Marshall.

4. **Difficult (મુશ્કેલ) to measure welfare:** Robbins said that it is very difficult to measure welfare because two persons purchasing the same article (વસ્તુ) may not necessarily (અનિવાર્ય પાણી) derive (મેળવવું) the same level of utility (તુષ્ટિગુણ, ઉપયોગીતા) and satisfaction. A poor person generally derives more satisfaction from the same article than a rich person. Thus, Robbins rejected (નકારવું) the idea of considering money as a satisfactory measure of welfare.
5. **Economics has nothing to do with welfare:** Robbins was of the opinion (મત) that economics has nothing to do with material welfare. He said that economics is only concerned (ચીંતા કરવી) with means (સંપત્તિ અથવા આવક), the study of ends (હેતુ) is not part of study of economics. Robbins suggested that economics is purely a positive science and its function is to explain (સમજાવવું) and explore (શોધવું), not to recommend (મલામણ કરવી) and condemn (નિંદા કરવી).
6. **Classificatory (વર્ગીકરણને લગતું) rather (ઊલટું, વિપરીત) than analytical (વિશ્લેષણાત્મક, પૃથકકરણ અંગેનું):** The definition classifies human activities in economic and non-economic activities. According to (ના મત પ્રમાણે) Robbins this classification is unscientific and illogical (તર્ક સંગત નહિ એવું). The definition does not analyse and suggest how welfare can be promoted (પ્રોત્સાહન આપવું).

**Conclusion (ઉપસંહાર, સારાંશ):** Despite (તેમ છતાં) above criticism against (ની વીરુધ્ધ) Marshall's definition, we must not forget that Marshall has broadened (વધારવું) the scope (કાર્યક્ષેત્રની સીમા) of economics by establishing (પાથો નાંખવો, પુરવાર કરવું) a link among wealth, man and his welfare. Marshall's definition formed the basis for new definitions of economics.

**Q-2 Critically discuss the definition of economics given by Prof. Robbins. (Dec. 2013, 6 marks)**

**OR Write a detailed note on scarcity definition of economics.**

**Ans:**

**Introduction:**

Prof. Lionel Robbins was of the opinion (મત) that economics deals with (deals with – ની તરફ ધ્યાન દેવું) both material goods and non-material activities, whereas the definition of Marshall pointed out material aspects (પાસું, બાજુ) only. Robbins offered (રજૂ કરવું, પ્રસ્તાવ મુકવો) a definition which, he thought, was free from defects (ખામીઓ) he has pointed out in Marshall's definition.

**Definition:**

In his book 'An Essay on the Nature and Significance (મહત્વ) of Economic Science' published in 1932, he defined economics as, "a science which studies human behavior as a relationship between ends (જરૂરીયાતો) and scarce (અપૂરતા) means (સાધનો) which have alternative (વૈકલ્પિક) uses."

**Implications:**

Robbins' definition highlighted the following points:

1. **Unlimited wants:** Here ends means human wants. Humans have unlimited wants. They cannot satisfy them all at the same time. Following are the reasons why our wants are unlimited:
  - a. Many wants originate from one want. E.g. if we purchase a car, we also want fuel, regular service, maintenance, oil change etc.
  - b. Wants increase by foolish imitation. E.g. neighbor (પાડોશી) has purchased new car, we also need to have a new car.
  - c. Repeated wants. Some goods are needed on regular basis e.g. food, clothing, fuel etc.
  - d. New technology. With new technology new and new products are produced which are demanded more and more by people. E.g. Android mobile phones
  - e. Increase in population.

2. **Wants with different importance:** As all wants cannot be satisfied at same time a man chooses between more urgent and less urgent wants. Based on urgency there can be three kinds of goods:
  - **Necessities:-** Most urgent wants and must be satisfied as early as possible. E.g. water and food.
  - **Comforts:-** Wants which can be postponed (મૂલતવી કે મોકૂફ રાખવું) for some period e.g. LED TV, Air cooler etc.
  - **Luxuries:-** Wants which can be postponed forever permanently. E.g. luxurious bungalows, costly cars, expensive paintings, club memberships etc.
3. **Limited resources (સંપત્તિ, સાધનસામગ્રી):** Although (જોકે, તેમ હોવા છતાં) our wants are unlimited, the means (સાધનો) to satisfy the wants are limited. There are two kinds of resources – human and natural. Both the resources are scarce so their economical (કરકચરચુક્ત) use is required. Scarcity here means scarcity in relation to the demand of a commodity. Poison, for example, may be found in small quantity (જથ્થો) but if nobody wants it, it cannot be called scarce. Coal, on the other hand, may be found in large quantity, but the demand is still greater. Hence, coal is scarce in relation to demand for it. **Limited resources give rise to problem of choice.**
4. **Alternative uses of means:** Means have alternative uses that is why, choice of means to be used is to be made e.g. Land is a natural wealth having alternative uses i.e. cultivation, construction of building, establishing factory etc. But once the land is used for some purpose (હેતુ) for example agriculture, it cannot be used for anything else. This alternative uses of means makes problem of choice more complex and gives rise to problem of **Allocation (ફાળવણી, વહેંચણી, વીતરણ) of Resources.**

From the above discussion we can say that unless all the three conditions mentioned above are present, economic problem cannot arise.

#### Criticism:

Even though the definition of Robbins is superior (ચડિયાતું) to earlier economists it was severely (સખત રીતે) criticized on the following grounds.

1. **Lacking (ઊણપ કે અભાવ) Ethical (નૈતિક, નીતિરીતિને લગતું) Significance:** The definition ignores (ઊપેક્ષા કરવી) normative (સ્વીકૃત ધોરણ) or ethical (નૈતિક) aspect. It has been pointed out that Robbins' definition is colorless, impersonal (વ્યક્તિગત સંબંધ વીનાનું) and neutral (તટસ્થ) regards ends. The function of an economist is not only to explain and explore (સંશોધન કરવું) but also to advocate (સમર્થન કરવું) and condemn (દોષિત ઠરાવવું, વખોડવું) for social betterment.
2. **Put Limit to Scope of Economics:** Robbins has reduced (ઘટાડવું) economics merely (ફક્ત) to valuation (મૂલ્યાંકન) theory. But actually economics is more than just study of allocation of resources. It considers the problem arising out of scarcity but it doesn't talk about problems arising out of plenty (પૂષ્કળ). It takes into consideration (ધ્યાનમાં લેવું) demand side but ignores supply side.
3. **Ignores Macro-economics:** Robbins' definition doesn't cover macro-economic issues. It does not tell as how the level of income and employment in a country is determined. This is regarded as very serious omission (ગરકબત, ક્ષતિ), because today macroeconomics forms very important part of the economic study.
4. **Doesn't include Growth and Development:** Robbins' definition does not include theory of growth and development which explains how an economy grows and the factors which bring about increase in national income and productive capacity of the economy. Instead Robbins takes resources as given and discusses only their allocation.

**5.Unemployment:** Robbins’ definition does not take into account the problem of unemployment. The problem of unemployment is of excess of manpower rather than scarcity of the same.

**Conclusion:** The definition given by Prof. Robbins was far superior to Smith and Marshall’s definitions. Robbins has rightly said that economics is science of choice. But he was not able to define economics in its totality. Though, criticized severely definition given by Robbins formed the basis for evolution (ક્રમિક વિકાસ) of economics.

**Q-3 Provide comparison (સરખામણી) between Marshall and Robbins’ definition of economics.**

**Ans:**

**Comparison Between Marshall’s and Robbin’s Definitions of Economics**

According to Marshall, economics is a science of material welfare. His definition has focus on the role of mankind as well as wealth in economic life. But Robbins’s definition considered economics as a study of scarcity and choice. A comparative study of both definitions is made on the basis of their similarities and differences.

**Similarities:**

Similarities between Robbins’s & Marshall’s definition can be shown in the following points.

1. **Primary importance to man:** Both Marshall and Robbins have given primary importance to man. According to Marshall, economics studies man in relation to wealth. Robbins definition studies human behavior as a relationship between end and scare means which have alternative uses. The ultimate aim of the two definitions is the same about the study of human beings.
2. **Wealth and scare means:** Marshall has used the word wealth in the process of defining economics. Robbins has used the phrase scare means instead of wealth. Though they are not same, but similar because in economics, wealth is goods which are scare. So, Marshall has directly explained about wealth and Robbins has indirectly explained about wealth.
3. **Welfare and satisfaction.:** Marshall assume that main aims to utilize wealth to achieve maximum material welfare, where as Robbins maximum material welfare, whereas Robbins assume that main aims to utilize scare resources to achieve maximum satisfaction. In reality, there is no wider difference between welfare and satisfaction. Thus the definitions of both are similar.

**Dissimilarities**

Some dissimilarities between Robbins and Marshall’s definition are as follows:

Marshall’s definition	Robbins’s definition
1. Marshall’s definition is simple and fair.	1. This definition is complex.
2. This definition is classificatory as material & non-material, economic & non-economic activities.	2. This definition is analytical based on basic economical problems.
3. The objective of this definition is material welfare.	3. This definition is neutral about the objective.
4. This definition considers economics as asocial science.	4. This definition considers economics as a human science.
5. Marshall’s definition is based on normative science.	5. Robbins’s definition is based on the concept of positive science.
6. Economics is related with ordinary man.	6. Economics is related with both ordinary and extra ordinary man.

**Q-4 Clarify the definition of economics given by Prof. Samuelson. (Dec. 2012, 6 Marks) OR Discuss the growth oriented definition of economics given by Prof. Samuelson. (Dec. 2013, 6 marks)**

Ans:

**Introduction:**

Wealth, welfare and scarcity definitions of economics were not sufficient to define complete sense of economics. After Robbins, Samuelson defined economics in more meaningful way. His definition is termed as growth oriented definition.

**Definition:**

Samuelson defined Economics as, “Economics is the study of how people 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 among various people and groups of society.”

**Main features of Samuelson’s Definition:**

- (i) **Deals with scarce resources:** The definition emphasize (ભાર મુકવો) the point that Economics is the study of economic resources. These economic resources refer to natural, human and physical resources, which satisfy human wants but are scarce and have alternative uses. Thus, Samuelson agrees with Robbins that economics deals with scarce resources and unlimited ends.
- (ii) **Efficient allocation of resources:** In the definition Samuelson focuses on the ways through (ના માધ્યમ દ્વારા. આરપાર) which people and society chooses to distribute their resources so that they can be efficiently used. Improvement in resource allocation helps in spreading (ફેલાવવું, વિસ્તારવું) development in an economy.
- (iii) **Growth orientation:** Samuelson suggested that economic resources are not static (સ્થિર, સ્થાયી) and they can be made to grow over time through exploration (તપાસવું), exploitation (નો ઉપયોગ કરવો) and development (વિકાસ). This results in an increase in the growth rate of economy, more employment and higher standards of living.
- (iv) **Futuristic (ભવિષ્યને લગતું, આધુનિક):** The definition also considers (ધ્યાનમાં લેવું) time by focusing distribution of scarce resources in present as well as future. According to Samuelson the growth of resources is necessary since not only the present wants of human beings should be considered but also the increasing wants of increasing number of people should be taken into consideration (વિચાર કરવો).
- (v) **Scope of economic activities:** Like Robbins Samuelson includes all activities in economics whether (કે ...અથવા, અગર) they can be measured (માપવું) in terms of money or not or whether they lead to material welfare or not.

**Conclusion:**

The definition provided by Samuelson resembles (મળતું આવવું) partly (અંશતઃ) with the definition provided by Robbins as it focuses on problem of choice and allocation of resources. Moreover (વધુમાં, તદઉપરાંત) he considers growth and future which makes his definition better than all the other definitions of economics so far.