

I'm not a bot





Wealth can be described as the accumulation of valuable resources or goods, which can be measured in terms of real goods or monetary value. It's an indicator of a person's, community's, company's, or country's total economic worth. This is typically calculated by subtracting all debts from the market value of their assets, both physical and intangible. Wealth can also refer to the process of building wealth, which involves accumulating scarce resources over time. Wealth is often contrasted with income; while income represents a flow of money or other benefits over a specific period, wealth is about possessing valuable economic goods. The concept of wealth usually applies only to scarce economic goods that are not freely available to everyone. Net worth is the most common measure used to indicate an individual's or organization's wealth level. It's determined by valuing all assets and subtracting all liabilities. Wealth is typically measured by comparing the amount of valuable economic goods accumulated at a given point in time, rather than just income which represents the flow variable of money obtained over a specific period of time. It is often expressed as net worth, which equals assets minus liabilities, providing a common denominator for comparison. Wealth, in its various forms, is not comparable across individuals or households. In the US, there are many billionaires and wealthy corporations like Walmart, which has annual revenue exceeding the GDP of several countries. To build wealth, people must prioritize savings and investments over time. The top 1% of earners hold 30% of the country's wealth, while wealth management involves providing financial services to high-net-worth individuals. The concept of wealth is subjective, but it often provides access to opportunities that might be out of reach without it. There are various strategies for accumulating wealth, and no single prescription applies universally. In economics, four main definitions have emerged: 1. **\*\*General Definition\*\***: Economics originated from the ancient Greek concept of household management (oikonomia), which evolved into a study of wealth in Europe. 2. **\*\*Adam Smith's Wealth Definition\*\***: Adam Smith viewed economics as a study of wealth, which influenced the development of the subject over time. 3. **\*\*Marshall's Welfare Definition\*\***: Marshall expanded on Smith's definition to emphasize the importance of welfare and well-being in economics. 4. **\*\*Robbins' Scarcity Definition\*\***: Robbins provided a more nuanced definition, focusing on the fundamental concept of scarcity as the core of economics. These definitions have evolved over time, reflecting changes in the focus of attention within the field. In the era of Adam Smith (1723-90), a renowned Scottish economist, economics was viewed as a science focused on wealth creation. This perspective stemmed from the mercantilist tradition, emphasizing the processes of production, consumption, and accumulation of wealth. Smith's magnum opus, "An Inquiry into the Nature and Causes of the Wealth of Nations," published in 1776, solidified his emphasis on wealth as the primary subject matter of economics. According to Smith, the ultimate goal of political economy is to increase a nation's riches and power. Unlike mercantilists, he did not consider precious metals like gold and silver as the sole measure of a nation's wealth. Instead, he defined wealth as goods and services commanding value-in-exchange. Economics, in this sense, is concerned with generating national wealth through production and distribution. Smith also introduced the concept of the "invisible hand" or "price system," which describes how markets facilitate the allocation of resources. This perspective views economics as a science focused on wealth generation and distribution. Other prominent economists of the time, such as John Stuart Mill (1806-73) and Nassau William Senior (1790-1864), also defined economics as a science related to wealth creation and distribution. However, by the late 19th century, criticism began to emerge against Smith's definition. Critics argued that this perspective was too narrow, neglecting broader societal problems and individual concerns. The label "bread-and-butter science" was coined due to the emphasis on material wealth, while ignoring non-material aspects of human life. Criticisms also centered around the notion that Smith's definition perpetuated selfishness and a love for money, earning economics the moniker "Gospel of Mammon." Some even referred to it as a "bastard science." The defining moment came when Alfred Marshall (1842-1924) introduced his Welfare Definition. This new perspective shifted focus from wealth generation to scarcity and choice, recognizing that these fundamental economic problems require consideration. In essence, the development of economics was marked by a shift from wealth-focused Smithian definition to a more nuanced understanding of scarcity, choice, and welfare. Economics, as defined by Alfred Marshall in 1890, shifted the focus from wealth accumulation to human welfare. Marshall viewed economics as a study of human behavior in everyday life, distinguishing it from wealth as a study of material resources. According to him, economics is concerned with understanding how humans interact with their environment to achieve well-being. This perspective emphasizes that wealth serves as a means to an end, rather than an end in itself, and that the primary goal of economics should be human welfare. Economics is not about measuring welfare; it's about allocating scarce resources to satisfy unlimited human wants. The scarcity definition, introduced by Lord Robbins, emphasizes that means are limited compared to the demands. Scarcity gives rise to choice problems, where societies must decide which wants to prioritize and which to postpone. Unlimited human wants have been present since prehistoric times, with people constantly striving to fulfill their needs through available resources. These resources can be used in alternative ways, such as land being utilized for jute cultivation or steel production. The problem of scarcity arises when resources are limited, forcing societies to make choices about which immediate wants to satisfy and which to postpone. This concept applies universally, regardless of the economic system: "It exists in one-man community of Robinson Crusoe, in the patriarchal tribe of Central Africa, in medieval and feudalist Europe, in modern capitalist America and in Communist Russia." Scarcity is at the heart of economics, as it is the study of how individuals and society make choices under limited resources. Robbins' definition expanded the scope of economics by focusing on opportunity cost and optimisation, making it a positive science. However, criticisms arise from his emphasis on individual choice over social relations and his failure to account for human welfare in addressing scarcity problems. Some argue that Robbins' definition downplays the importance of economics as a social science, neglecting the role of social relationships and collective decision-making. Others claim that his narrow focus on resource scarcity overlooks the complexities of human needs and values. Furthermore, Robbins' neutral stance between ends is seen as unrealistic by economists, who must make value judgments to inform policy decisions. His definition has also been criticized for limiting economics to microeconomic theory, neglecting important areas such as national income, employment, banking, and taxation. Despite these criticisms, the definition of economics remains a topic of debate, with various scholars offering their own perspectives on the subject. While it may be challenging to pin down a single, logically concise definition, definitions like Cairncross' can serve as a useful starting point for understanding the subject. Prof Cairncross linked 'exchange' to 'scarcity', building upon economists like Robbins who already addressed the core issue of scarcity as the root cause of economic problems, making Robbins' definition - Economics being the science of making choices - more widely accepted and influential. Economics is now seen as a science focused on rational decision-making under conditions of scarcity.

State and explain the wealth definition of economics. Who has given the wealth based definition of economics. Explain the wealth definition of economics. State the wealth definition of economics class 11. What do you mean by wealth in economics. Wealth definition of economics.