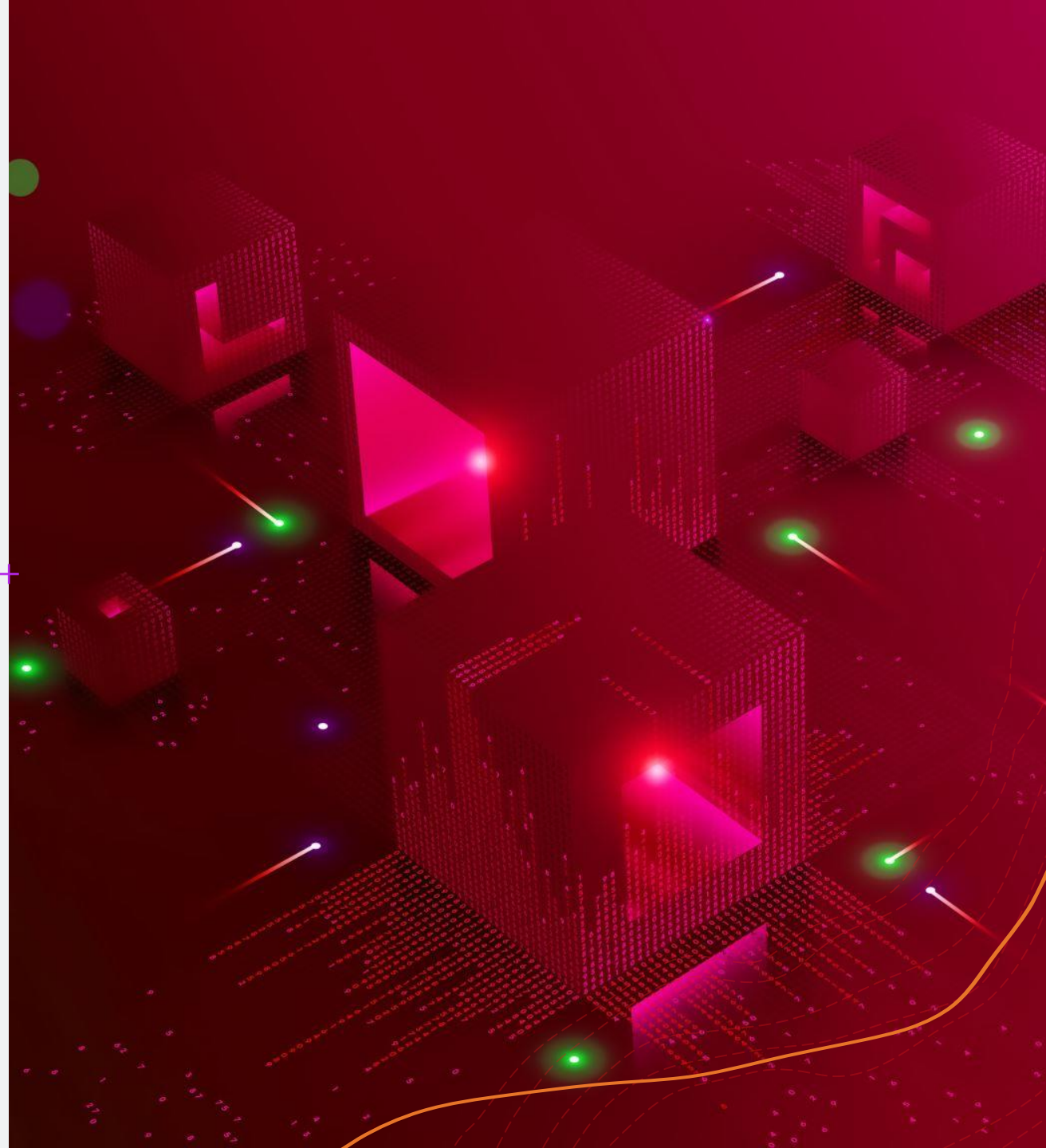




Economics is Science or Arts?

by Abdhut Deheri



What is Science:

- + Science is a systematic study of knowledge and fact which develops the correlation-ship between cause and effect.
- + Science is not only the collection of facts, according to Prof. Poincare, in reality, all the facts must be systematically collected, classified and analyzed.

Characteristics of any science subject

- + It is based on systematic study of knowledge or facts.
- + It develops correlation-ship between cause and effect.
- + All the laws are universally accepted
- + All the laws are tested and based on experiments.
- + It can make future predictions.
- + It has a scale of measurement.

Economics as Science

Prof. Robbins, Prof Jordon, Prof. Robertson etc. claimed economics as one of the subject of science like physics, chemistry etc.

According to all these economists, 'economics has also several characteristics similar to other science subjects.

- + Economics is also a systematic study of knowledge and facts. All the theories and facts related with both micro and macroeconomics are systematically collected, classified and analyzed.
- + Economics deals with the correlation-ship between cause and effect. For example, supply is a positive function of price, i.e., change in price is cause but change in supply is effect.
- + All the laws in economics are also universally accepted, like, law of demand, law of supply, law of diminishing marginal utility etc.
- + Theories and laws of economics are based on experiments, like, mixed economy to is an experimental outcome between capitalist and socialist economies.
- + Economics has a scale of measurement. According to Prof. Marshall, 'money' is used as the measuring rod in economics. However, according to Prof. A.K. Sen, Human Development Index (HDI) is used to measure economic development of a country.

Economics as Art

- + According to T.K. Mehta, 'Knowledge is science, action is art.'
- + According to Pigou, Marshall etc., economics is also considered as an art. In other way, art is the practical application of knowledge for achieving particular goals.
- + Science gives us principles of any discipline; however, art turns all these principles into reality. Therefore, considering the activities in economics, it can claim as an art also, because it gives guidance to the solutions of all the economic problems.
- + Therefore, from all the above discussions we can conclude that economics is neither a science nor an art only. However, it is a golden combination of both. According to Cossa, science and art are complementary to each other. Hence, economics is considered as both a science as well as an art.

Positive and Normative Economics

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Positive Economics

- + Positive economics is a stream of economics that focuses on the description, quantification, and explanation of economic developments, expectations, and associated phenomena. It relies on objective data analysis, relevant facts, and associated figures. It attempts to establish any cause-and-effect relationships or behavioral associations which can help ascertain and test the development of economic theories
- + Positive economics is objective and fact-based where the statements are precise, descriptive, and clearly measurable. These statements can be measured against tangible evidence or historical instances. There are no instances of approval-disapproval in positive economics.

Example:

“Government-provided healthcare increases public expenditures.”

This statement is fact-based and has no value judgment attached to it.

Its validity can be proven (or disproven) by studying healthcare spending where governments provide healthcare.

Normative Economics

- + Normative economics focuses on value-based judgments aimed at improving economic development, investment projects, and the distribution of wealth. Its goal is to summarize the desirability (or lack thereof) of various economic developments, situations, and programs by asking what should happen or what ought to be
- + Normative economics is subjective and value-based, originating from personal perspectives or opinions involved in the decision-making process. The statements of this type of economics are rigid and prescriptive in nature. They often sound political, which is why this economic branch is also called "what should be" or "what ought to be" economics.

Examples

"The government should provide basic healthcare to all citizens."

As you can deduce from this statement, it is value-based, rooted in personal perspective, and satisfies the requirement of what "should" be.

BASIS FOR COMPARISON	POSITIVE ECONOMICS	NORMATIVE ECONOMICS
Meaning	A branch of economics based on data and facts is positive economics.	A branch of economics based on values, opinions and judgement is normative economics.
Nature	Descriptive	Prescriptive
What it does?	Analyses cause and effect relationship.	Passes value judgement.
Perspective	Objective	Subjective
Study of	What actually is	What ought to be
Testing	Statements can be tested using scientific methods.	Statements cannot be tested.
Economic issues	It clearly describes economic issue.	It provides solution for the economic issue, based on value.