CA Foundation
Business Economics & BCK

June 2021

Economist Names & Sayings

(UPDATED)

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Economist Summary

S. No.	Economist Name	What they said ? (Waani)
Chp 1- Nature & Scope of Business Economics		
1	Adam Smith	➢ Father of Economics, ➢ Published "The Nature and Causes of Wealth of Nations" in 1776 ➢ Economics is "an inquiry into the nature and causes of wealth of nations" **(Wealth Definition)**
2	J B Say	➢ Economics is a "**Science which deals with wealth**"
3	Alfred Marshall	➢ Economics is a "study of **mankind** in the ordinary business of life" **(Welfare Definition)**
4	AC Pigou	➢ In Economics the range of our inquiry becomes restricted to that part of social welfare that can be brought directly or indirectly into relation with the **measuring rod of money**
5	Lionel Robbins	➢ Book- "Nature and Significance of Economics" ➢ **Scarcity Definition** ➢ Economics is **neutral between ends**.
6	Paul A. Samuelson	➢ **Growth Definition**
7	Henry Smith	➢ Economics, is the "the study of how in a civilized society one obtains the share of what other people have produced and of how the total product of society changes and is determined". **(all inclusive definition of Economics)**
8	Jacob Viner	➢ Economics is **what Economists do**
9	Karl Marx and Frederic Engels	➢ The **concept of socialist economy** was propounded by them in their work **'The Communist Manifesto'** published in **1848**

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		Chp 2- Theory Of Demand And Supply
10	James Duesenberry	➢ **Demonstration effect**, a term coined by James Duesenberry, refers to the desire of people to emulate the consumption behaviour of others.
11	Alfred Marshall	➢ Law of **Demand** ➢ Law of **Diminishing Utility** (Marginal Utility Analysis)
12	Thorstein Veblen	➢ Doctrine of "**Conspicuous Consumption**" or **Veblen effect** or prestige goods effect
13	Robert Giffen	➢ ***Giffen*** Goods
14	Olaf Helmer	➢ The **Delphi technique**, developed by Olaf Helmer at the Rand Corporation of the USA, provides a useful way to obtain informed judgments from diverse experts by avoiding the disadvantages of conventional panel meetings.
15	Jeremy Bentham & John Stuart Mill	➢ Following Jeremy Bentham, John Stuart Mill, and other nineteenth-century British economist-philosophers, economists apply term utility to "that property in any object, whereby it tends to produce benefit, advantage, pleasure, good, or happiness".
16	Hicks & Allen	➢ **Indifference Curve** Analysis (J.R. Hicks and R.G.D.Allen)

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Chp 3- Theory of Production & Cost		
17	James Bates and J.R. Parkinson	➢ **Production** is the organized activity of tr**ansforming resources into finished products** in the form of goods and services; and the **objective** of production is to **satisfy** the **demand** of such transformed resources
18	Ricardo	➢ **Land** has certain original and **indestructible powers** and these properties of land cannot be destroyed.
19	R.L. Marris	➢ R.L. Marris's theory of firm assumes that the goal that managers of a corporate firm set for themselves is to **maximize the firm's balanced growth rate** subject to managerial and financial constraints.
20	Schumpeter	➢ According to Schumpeter, the **true function of an entrepreneur** is to introduce **innovations** ➢ The task of the entrepreneur is to **continuously introduce new innovations**.
21	H A Simon	➢ Firms have **'satisficing' behaviour** and strive for profits that are satisfactory
22	Baumol	➢ **Sales revenue maximization** rather than profit maximisation is the ultimate goal of the business firms

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23	A. A. Berle and G.C. Means	➢ In large business corporations, management is separated from ownership and therefore the **managers enjoy discretionary powers to set goals** of the firm they manage
24	Williamson	➢ Williamson's model of **maximisation of managerial utility function** is an important contribution to managerial theory of firms' behaviour.
25	Cyert and March	➢ They suggested **four** possible **functional goals** in addition to profit goal namely, production goal, inventory goal, sales goal and market share goal.
26	Samuelson	➢ **Production function** is the relationship between the maximum amount of output that can be produced and the input required to make that output. It is defined for a given state of technology i.e., the maximum amount of output that can be produced with given quantities of inputs under a given state of technical knowledge.
27	Paul H. Douglas and C.W. Cobb (Cobb-Douglas)	➢ Cobb Douglas production function applies not to an individual firm but to the **whole of manufacturing industry.** ➢ **Labour** contributed 3/4th and Capital 1/4th of the increase in the manufacturing production ➢ $Q = K L^{a} . C^{b}$ ➢ If $a + b > 1 \rightarrow$ **IRS**, $a + b = 1 \rightarrow$ **CRS**, $a + b < 1 \rightarrow$ **DRS**
28	Chamberlin	➢ The distinction between selling cost and production cost was made by Chamberlin

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Chp 4- Meaning And Types Of Markets		
29	Prof. Stigler	➢ He **defined oligopoly** as that "situation in which a firm bases its market policy, in part, on the expected behaviour of a few close rivals.
30	Paul A. Sweezy	➢ The most popular explanation is the **kinked demand curve hypothesis** given by an American economist Paul A. Sweezy. Hence this is called **Sweezy's Model**. ➢ The demand curve facing an oligopolist, according to the kinked demand curve hypothesis, has a '**kink**' at the level of the **prevailing price**. ➢ It is because the segment of the demand curve **above** the prevailing price level is **highly elastic** and the segment of the demand curve **below** the prevailing price level is **inelastic**
Price-Output Oligopoly Models		
31	Cournot model	➢ The firms' control variable is **output** in contrast to price
32	Stackelberg's model	➢ The **leader commits to an output before** all other firms. The **rest** of the firms are **followers** and they choose their outputs so as to maximize profits, given the leader's output.
33	Bertrand model	➢ **Price** is the control variable for firms and each firm independently sets its price in order to maximize profits

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Chp 5- Business Cycles		
34	Keynes	➢ According to Keynes, fluctuations in economic activities are due to fluctuations in **aggregate effective demand**
35	Pigou	➢ According to Pigou, modern business activities are based on the **anticipations** of business community and are affected by waves of **optimism or pessimism** ➢ **Price discrimination (Eco Chp 4)** ➢ **First degree price discrimination**, the monopolist separates the market into **each individual consumer** and charges them the price they are willing and able to pay and thereby **extract the entire consumer surplus**. ➢ **Second degree price discrimination**, different prices are charged for **different quantities** of sold. Also, it may happen that each consumer pays different price for consecutive purchases. ➢ **Third degree price discrimination**, price varies by **attributes** such as **location** or by **customer segment**. Here the monopolist will divide the consumers into separate sub-markets and charge different prices in different sub-markets.
36	Schumpeter	➢ According to Schumpeter's **innovation** theory, trade cycles occur as a result of innovations which take place in the system from time to time.

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37	Nicholas Kaldor	➢ The **cobweb theory** propounded by Nicholas Kaldor holds that business cycles result from the fact that **present prices** substantially **influence** the **production at some future date**. ➢ The present fluctuations in prices may become responsible for fluctuations in output and employment at some subsequent period.
38	Hawtrey	➢ According to Hawtrey, trade cycle is a purely **monetary** phenomenon. Unplanned changes in the **supply of money** may cause business fluctuation in an economy.

BCK- Names Summary

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BCK: Chp 2- Business Environment		
1	Charles Darwin	➢ "It is not the strongest of the species that **survive**, nor the most intelligent, but the **one most responsive to change**." "Struggle for existence, survival of the fittest and origin of new species".
2	Gluek and Jauch	➢ **Business environment** includes **factors outside** the firm which can lead to opportunities for, or threats to the firm. Although, there are many factors, the most important of the factors are socioeconomic, technological, suppliers, competitors, and government
3	Barry M. Richman and Melvyn Copen	➢ **Environment factors** or constraint are **largely if not totally**, **external and beyond the control of individual industrial enterprises** and their managements. These are essentially the 'givers' within which firms and their managements must operate in a specific country and they vary, often greatly, from country to country
4	Peter Drucker	➢ According to Peter Drucker the **aim** of business is to **create and retain customer**
BCK: Chp 4- Government Policies For Business Growth		
5	Dadabhai Naoroji	➢ Dadabhai Naoroji through his book '**Poverty and Un-British Rule in India**' drew attention to drain of wealth from India into Britain
BCK: Chp 5- Organizations Facilitating Business		
6	J P Devadhar	➢ SEBI order can be **appealed to Securities Appellate Tribunal** which is a three-member tribunal and is **headed** by **Mr. Justice J P Devadhar**. ➢ A second appeal lies directly to the Supreme Court.