

ECONOMICS

Economics as a science developed in the eighteenth century. The writers who elaborated and transformed sporadic economic discussions into a set of scientific economic theories were Cantillon, Quesnay and Smith.

Cantillon's «*Essai sur la Nature du Commerce en Général*» is considered as the cradle of political economy. Cantillon regarded wealth as the comfort of life. It is the result of the combination of land and labour. Land is the origin or source of wealth and labour or the work of man is the means which produces it. In other words, labour transforms potential wealth into real wealth.

As far as the social structure is concerned, Cantillon divided the community into three distinct classes : landlords, entrepreneurs or undertakers and wage-earners.

Cantillon's *Essai* influenced a group of French thinkers known as the «Economists», and later the «Physiocrats». These economists believed in the idea that land or agriculture was the only source of wealth. The leader of the Physiocrats was Quesnay. They were against the interference of the state in the economic framework.

According to them, the role of the state is to ensure security, property and liberty. Thus, the Physiocrats may be regarded as the first political economists who put forward the concepts of laissez-faire principles.

On the other hand, Smith's «*Wealth of Nations*» became the foundations of classical economics. He rejected the Physiocrats' theories about land ; he recognized the contribution of manufacturing.

Question : When did he die ?
 Answer : He died in 1734.

Now ask and answer about the other economists in the same way. Use the information in the chart.

NAME	DATE OF BIRTH	PLACE OF BIRTH	WORK	DATE OF DEATH
Richard Cantillon	1680	Ireland	Scientific study of economic problems	1734
François Quesnay	1694	France	Tableau Economique (Economic Table)	1774
Adam Smith	1723	Scotland	Division of labour	1790
Robert Jacques Turgot	1727	France	Law of diminishing returns	1781
David Ricardo	1772	England	Theory of value	1823

III - Look at this chart

1720	1802	1850	1892	1900	1945	1968	1970	1986
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Ask and answer like this.

X : When was he born?

Y : { I'm not sure,
 I don't know very much about him,
 Well. } I think he was born in 1720.

IV - Read the paragraph about Richard Cantillon and write a paragraph on the other economists. Use the chart above as a source of information.

PART THREE

I - Practise the following dialogue with your friend.

X : Have you ever heard of Adam Smith?
 Y : Of course I have.

X : Where was he born?
 Y : I'm not sure, I think he was born in Scotland.
 X : Yes, that's right. When was he born? Do you know?
 Y : Well, I think he was born in 1722.
 X : No that's not right. It was in 1723. What's he famous for?
 Y : Oh, for his work on the division of labour.
 X : What was he like?
 Y : I don't know very much about him, I think he was a great economist.
 X : And when did he die?
 Y : He died in 1790.

II - Open dialogue : Fill in the blanks with the more appropriate words or phrases.

X : Have you of François Quesnay?
 Y :
 X : Where was he born?
 Y : (France).
 X : Yes that's right. When was he born?
 Y : (1696)
 X : No, that's not right. It was in 1694. What's he famous for?
 Y : (Economic Table).

READING

Extract from Cantillon's *Essai*.

Differences in Economic Function, or in Source of Income, are used by Cantillon as the basis of a classification of the inhabitants of a country. There are three such classes, namely

- (1) Landlords living on their rents,
- (2) entrepreneurs, or undertakers, living on their profits, and
- (3) Wage-earners.

- (1) The landlords have a relatively secure income.
- (2) The entrepreneurs are, so to say, on «uncertain wages».

This class includes farmers, manufacturers, doctors, lawyers, teachers, merchants, shopkeepers, public-house keepers, jobbing workmen, chimney-sweeps, etc. «Even beggars and thieves are entrepreneurs».

(3) Wage-earners are those who have «certain wages for the time during which they enjoy them, although their functions and rank are very unequal».

The general who has his pay, the courtier who has his allowance, and the domestic who has his wages, all fall into this class. «The three classes, however, are not permanent or mutually exclusive in their membership. A wage-earner may become an entrepreneur or a landlord if he can save or borrow enough money ; and the same person may derive income in all three ways (essai, I XIII).

QUESTION-MAKING (Wh- questions)

There are different ways to ask questions, some of them are made by using what, where, when, who etc.

This type of questions is called Wh-questions.

What ? i.e., the nature of the thing or action.

- 1) e.g. What is economics ?
Economics is a science.

What —————> nature of economics —————> science.

What —————> science.

- 2) e.g. What is he doing ?
He is reading a book.

What —————> nature of action —————> reading a book.

What —————> action of reading.

Where ? i.e., in what place or location.

- e.g. Where was Adam Smith born ?
He was born in Scotland.

Where —————> in what place —————> Scotland.

Where —————> Scotland.

When ? i.e., what time or date.

- e.g. When did Cantillon die ?
He died in 1734.

When —————> what date —————> in 1734.

When —————> in 1734.

Who ? i.e., what person.

- e.g. Who is F. Quesnay ?
F. Quesnay is a physiocrat.

Who —————> what person —————> physiocrat.

Who —————> physiocrat.

Why ? i.e., for what cause or reason.

- 1) e.g. Why was Europe destroyed ?
Europe was destroyed because of the war.

Why —————> for what cause —————> the war.

Why —————> because of the war (cause).

- 2) e.g. Why did Europe develop after the Second World War ?
Europe developed thanks to the Marshall Aid

Why —————> for what reason —————> Marshall Aid.

Why —————> thanks to the Marshall Aid (reason).

- Which ?* i.e., what one/ones of a particular group of persons or things.
e.g. Which books do you want ?
I want scientific books.

Which —————> what particular books —————> scientific books.

Which —————> scientific books.

How ? i.e., in what state/condition or by what means.

- 1) - e.g. How are you ?
I'm fine, thanks.

How —————> in what state are you —————> fine.

How —————> fine.

- 2) - e.g. How did you go to Britain ?

I went to Britain by plane.

How —————> by what means —————> by plane.

How —————> by plane.

N.B. There are some colloquial phrases used with "what" or "how".

- 1) - e.g. { X : What is your father ? i.e., what is your father's occupation ?
Y : My father is a teacher.

- 2) - e.g. { X : What is the weather like ? i.e. information about weather conditions.
Y : It's very cold