

6. A. Smith's economic teaching

A. Smith as the creator of classical political economy

Services of A. Smith in the development of economic science

Short biography of A. Smith

Smith: "It is not from the benevolence of the butcher, the brewer, or the baker, that we can expect our dinner, but from their regard to their own interest"

The Wealth of Nations, published as a five-book series, sought to reveal the nature and cause of a nation's prosperity. Smith saw the main cause of prosperity as increasing division of labor. Using the famous example of pins, Smith asserted that ten workers could produce 48,000 pins per day if each of eighteen specialized tasks was assigned to particular workers. Average productivity: 4,800 pins per worker per day. But absent the division of labor, a worker would be lucky to produce even one pin per day.

The great economist, Adam Smith, can be considered equal to all modern economists in terms of his contribution to economic science. His book "An Inquiry into the Nature and Causes of the Wealth of Nations" (1776) forever wrote the name of Adam Smith in the history of economic thought. It is believed that this book laid the foundation for the formation of economic science as an independent science.

Adam Smith was born in 1723 in a small Scottish town called Kirkcaldy, separated from Edinburgh by the Firth of Forth. A few months before his birth, his not very rich father, a customs officer, died. He lived with his mother throughout his stay in Scotland (until her death in 1784). He is not married. A. Smith entered the University of Glasgow at the age of 14 and graduated from it at the age of 17 with a diploma in ordinary humanities. Later, he received a scholarship and continued his studies at Oxford. Returning to Scotland, Adam Smith became professor of logic at the University of Glasgow in 1751, and then more importantly, professor of ethics.

A. Smith, having studied the basic principles of economic system construction, came to the conclusion that material production products are the basis of the nation's wealth. He considered the principle of complete non-interference of the state in the country's economy as a condition of the nation's wealth. A. Smith explained that the purpose of production is to satisfy consumers. He said that in voluntary exchange, people serve the interests of consumers by pursuing their own interests. They determine how to better specialize in the jobs and business areas where they can best benefit consumers.

But the success gained in the exchange also inspires people to produce new products, do new things, and look for new ways of production. Smith said that we are governed by the "invisible hand" of the economy, increasing the material wealth of the state while using our individual interests, talents, and abilities to better serve consumers in the marketplace. Adam Smith saw firsthand how voluntary exchange can organize and coordinate human activity. Even today, what he saw is remarkable.

A. Smith sympathized with wage workers and noted that if a large part of society is poor and unhappy, it cannot develop and be happy. It is unfair that people who support the whole society with their labor should lead a beggar's life. A. Smith idealized man, saw his flaws and weaknesses, and wrote: "This aspect is the same in all people, they constantly try to improve their situation - this is how public, national and also personal wealth is created." Unlike his predecessors, he tried to understand and prove that national wealth is created not only in agriculture and trade, but also in all types of production spheres that exist in the economy.