The Other Semiquincentennial

Adam Smith's 'Wealth of Nations' at 250

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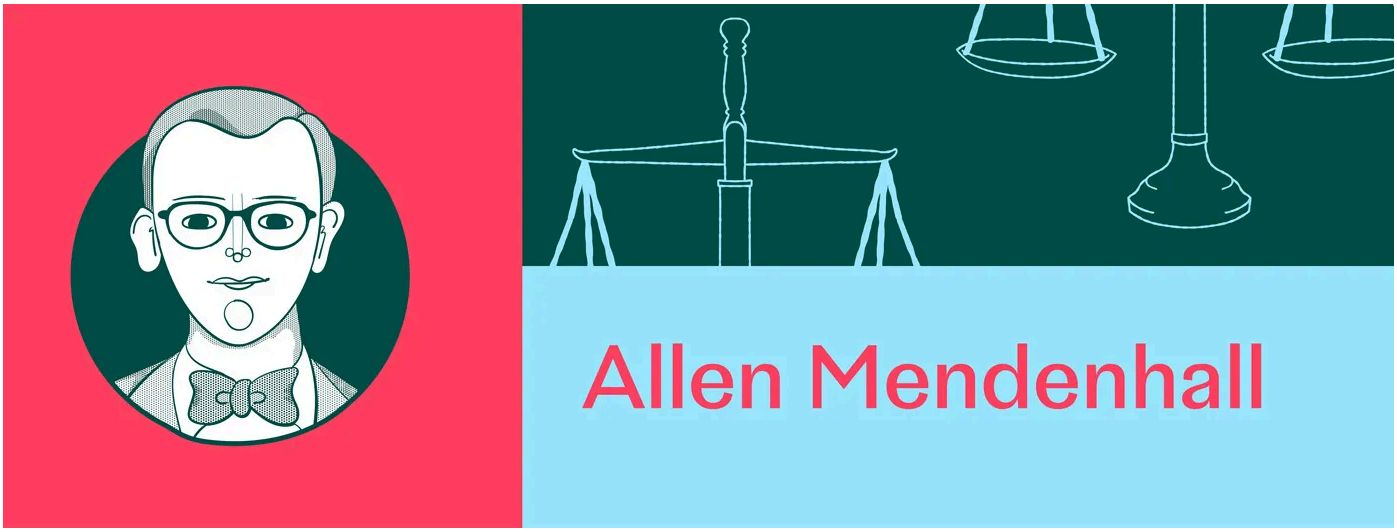

The Semiquincentennial of the Declaration of Independence commands our attenti in 2026, and rightly so. Yet in the constellation of 1776's intellectual achievements, text deserves equal consideration with Jefferson's immortal document.

Adam Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations*, often abbreviated as *The Wealth of Nations*, stands as perhaps the most enduring contribution to human understanding produced in that annus mirabilis. FEE is launching a special edition of the book to mark this anniversary with an introducti by my *Freeman* colleague, Erik Matson.

Smith's magnum opus—a sprawling work divided into five books, published the sar year as the Declaration—proved as revolutionary in its realm as was the American experiment in its own.

Smith, himself a polymath whose intellectual curiosity spanned the vast terrain of human knowledge, embodied the best traditions of the Scottish Enlightenment. During his tenure as Professor of Logic, and subsequently of Moral Philosophy, at t University of Glasgow, he delivered comprehensive lectures on subjects including language, jurisprudence, ethics, and astronomy.

But for those who encounter him only through textbook summaries or ideological simplifications, Smith has been reduced to a caricature: the supposed "father of economics," a cold calculator of market mechanisms. This diminished portrait obscures the profound moral philosopher whose most excellent study emerged not from abstract theorizing but from lived experience and careful observation.

Smith's intellectual journey took a decisive turn in 1764 when he resigned his chair previously held by his mentor Francis Hutcheson—to serve as tutor to the young D of Buccleuch. This appointment carried him to France, where he encountered the Physiocrats and witnessed firsthand the economic ferment of pre-revolutionary Europe.

It was during this continental sojourn that he began composing *The Wealth of Natio* which he would complete upon his return to Scotland twelve years after he departe from Glasgow.

The Wealth of Nations does not simply tally mere accounts or reduce society to equations. In it, Smith discerns the movements of both human aspiration and frailt the marketplace. Self-interest, he avers, when refined by the discipline of competiti and the restraint of law, does not dissolve into chaos; instead, it rises into an architecture of order through which the good of the whole is mysteriously secured.

The opening book's treatment of the division of labor well illustrates Smith's metho He begins with the concrete example of pin-making, showing how the subdivision tasks transforms human productivity. "The greatest improvement in the productive powers of labour," he writes, "and the greater part of the skill, dexterity, and judgm

with which it is any where directed, or applied, seem to have been the effects of the division of labour."

This principle, he demonstrates, applies across entire societies, creating networks o mutual dependence that bind strangers together in webs of reciprocal benefit. It's t basis for "I, Pencil" by Leonard E. Read, founder of the Foundation for Economic Education!

Those most skeptical of markets should consult Book IV, where Smith dissects the fallacies of mercantilism. The mercantilist obsession with accumulating gold and silver, as well as achieving favorable trade balances through protective tariffs and export subsidies, struck Smith as fundamentally misconceived. Nations, he argued, grow wealthy not by impoverishing their neighbors but by increasing their product capacity.

Smith's critique anticipates modern public choice theory in its recognition that merchants and manufacturers seek government protection not to serve the national interest but to secure their privileged positions at the expense of consumers and competitors.

"The interest of the dealers," Smith observes with characteristic insight, "is always some respects different from, and even opposite to, that of the public." This claim c both ways: against those who would grant special privileges to established interests and against those who would trust such interests to regulate themselves without competitive pressure.

Even among advocates of free markets, Smith's legacy remains a subject of contenti Murray Rothbard, the Austrian school economist, mounted a vigorous assault on Smith, calling him a "shameless plagiarist" who set economics off track.

Rothbard's critique centers on Smith's labor theory of value, which the Austrians (o which I number myself) reject in favor of subjective value theory. For Rothbard, the

superior insights of medieval Scholastics and continental thinkers who understood that value derives from individual preferences and scarcity, rather than from labor inputs, were obscured by Smith's influence.

One can recognize the force of Rothbard's indictment without consigning Smith to irrelevance, for much in *The Wealth of Nations*—his emphasis on the division of labo the coordinating power of prices, the dangers of state meddling, and the moral significance of voluntary exchange—harmonizes with Austrian insights and contin to merit admiration even from his sharpest critics.

Writing at the dawn of the Industrial Age, Smith grasped the transformative potent of market coordination. His descriptions of the spontaneous order that emerges fro voluntary exchange, his teachings about how competition serves consumers even w producers intend only their benefit, and his recognition that wealth consists not in accumulation of precious metals but in the capacity to satisfy human wants are amo the most critical findings in social science.

Far from a dusty relic, *The Wealth of Nations* is an effective rebuke to those who wou subordinate human freedom to bureaucratic contrivance, reminding us that the common good emerges from the unfettered energies of free individuals.

Smith's blend of moral philosophy and practical wisdom offers resources that transcend partisan categories. He reminds us that markets are not ends in themselv They are means to human flourishing, and their moral justification lies not in their efficiency alone but in their capacity to extend the sphere of human cooperation ac the boundaries of tribe, class, and nation.

As we commemorate the Semiquincentennial of American independence, we might also celebrate the enduring relevance of this Scottish moral philosopher. In Smith's patient analysis of how strangers become cooperators, how self-regard becomes a social benefit, and how freedom becomes order, we find truths no less essential to t human project than those proclaimed that same year in Philadelphia's State House.

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