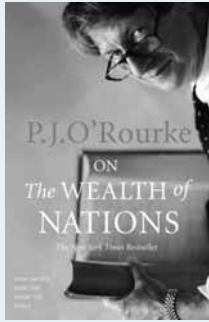


A BOOK YOU SHOULD READ



Author:
PJ O'Rourke
Title:
On The Wealth of Nations
Publisher:
Atlantic Monthly Press, 2007

Adam Smith, widely regarded as the patron saint of capitalism, is frequently quoted in support of a global economy that has raised production to unprecedented levels and has, in the process, made the rich super-rich and the poor, in too many instances, super-poor. Smith's most famous work is *The Wealth of Nations*, published in 1776, and, as it is a substantial work, it will come as no surprise that it is much more quoted than read.

PJ O'Rourke's commentary on *The Wealth of Nations* and on Smith's 1759 book *The Theory of Moral Sentiments* is not casual reading, but it is enjoyable and instructive and provides a healthy antidote to the frequently inaccurate and often self-serving uses to which Smith's work is put.

Smith's aim in writing his two great books was to improve people's lives, and to understand his views both books must be considered. He tried to find out how an understanding of morality, economics and government could lead to better behaviour, greater wealth and improved political conditions.

Moral Sentiments attributes moral behaviour to natural human sympathy (or feeling) for others, combined with the gradual development of a personal independent spectator (or conscience) through which actions can be judged. This promotes moral decisions that balance one's own interests with the interests of others.

The Wealth of Nations points out that production (the only purpose of which is consumption) is increased by workers promoting their own interests, by division of labour (specialisation) and by freedom to trade. It also underlines that equal rights, including the right to own property (the rule of law), are necessary for this to function most effectively.

Smith took a generally dim view of governments as they never followed his criteria for wealth creation, but he recognised their importance in

regulating what we recognise as capitalism and in being free from the self-interest of the rich and powerful in doing so.

Smith is a good source of quotations. He believed that workers improve their position best by their own efforts ('Nothing can be more absurd than to imagine that men in general should work less when they work for themselves, than when they work for other people'), but that the interests of traders and manufacturers were 'always in some respects different from, and even opposed to, that of the public'; that profit was desirable but that 'pernicious gains' were not; and that free competition forced the profit-maker to sell goods at 'the lowest [price] at which he is likely to sell them ... at least where there is perfect liberty' (a situation that is not usually present).

Finally, though Smith approved of the division of labour, doctors might like to contemplate his view of overspecialisation: 'The man whose whole life is spent in performing a few simple operations ... generally becomes as stupid and ignorant as it is possible for a human creature to become.'

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