

Adam Smith

Adam Smith - Scottish economist, one of the founders of modern economic theory.

Due to the fact that mercantilism flourished in almost all influential states, it stopped working. And due to the fact that economic exchange was reduced exclusively to the technology "buy and sell", a crisis of economic thought began. Various schools came to replace mercantilism, but they could not offer anything fundamentally new until Adam Smith, the creator of the eternal political economy.

An Inquiry into the Nature and Causes of the Wealth of Nations — major work of Scottish economist Adam Smith. This work had a significant impact on economic theory and was fundamental in classical political economy. Adam Smith offered his view of the role of the state in the economy, which was later called the classical theory. In accordance with it, the state must ensure the safety of a person's life and his property, resolve disputes, and guarantee compliance with the rules. In other words, the state must do what the individual is either unable to do on his own, or does it ineffectively.

Smith believed that the wealth of a nation depends on the proportion of the population employed in productive labor, and on labor productivity itself, that is, its efficiency. Moreover, Smith understood labor as such a process in which the value of goods increases, that is, merchants also became a "working class". And the price of a product depends on how much labor is invested in it. But Smith's main discovery is the "invisible hand of the market," which governs the entire capitalist economy. Its essence is that one's own benefit is achievable only through the satisfaction of someone's needs, and that generally useful economic results will be achieved regardless of the motivation of market participants. Thus, the market "pushes" producers to realize the interests of other people, and all together to increase the wealth of the whole society. At the same time, resources, under the

influence of the “signaling system” of profit, move through the supply and demand system to those areas where their use is most effective.

Adam Smith took his work very seriously, which left no time for scientific activity, but still he sketched his third book, which he never managed to finish. Before his death, he ordered to burn all the manuscripts.

I want to end this essay with a quote from Adam Smith: "Every wasteful person is an enemy of society, every thrifty person is a benefactor." In his statement, A. Smith speaks about the rational use of resources. A person who treats resources wisely helps society, and someone who does not use resources wisely does great harm to the state, himself and society as a whole. In other words, it is important to use resources rationally. The actions of wasteful people have a detrimental effect on the nature and life of society, while rational use avoids many problems, and therefore brings significant benefits to society.

ADAM SMITH'S QUALITIES THAT INFLUENCED HIS SUCCESS

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HARDWORKING

- ◉ character trait, consisting in a positive attitude of the individual to the process of work



INGENUITY

- ◉ ability to invent, find solutions



TENACITY

- ◉ striving to achieve goals and achieve success



PURSUIT OF KNOWLEDGE

- ◉ human need to acquire new knowledge

