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AP US Government

Mr. Crawford



**Excerpt from Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776)**

Every man is rich or poor according to the degree in which he can afford to enjoy the necessities, conveniences, and amusements of human life, but the great wealth of any society is not originally the effect of any human wisdom which foresees and intends universal affluence. It is the necessary though very slow and gradual consequence of a certain propensity in human nature: the desire to barter and exchange one thing for another. Man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their generosity only.

He will be more likely to prevail if he can interest their self-love in his favor. Whoever offers to another a bargain of any kind proposes to show them that it is for their own advantage to do for him what he requires of them. Give me that which I want, and you shall have this which you want. It is in this manner that we obtain from one another what we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest.

As it is by barter and by purchase that we obtain from one another what we need, so it is this same disposition which gives occasion to the division of labor. In any community, a particular person makes boots, for example, with more readiness and dexterity than any other. He exchanges them for cattle or for corn with his companions; and he finds that he can in this manner get more cattle or corn than he can himself. And once the division of labor has been thoroughly established, it is but a very small part of a man's wants which he can supply himself. Every man thus lives by exchanging, and becomes in some measure a merchant connected and bound to others in society through production and trade. A successful society, a society of peace and wealth, grows from what might properly be termed a commercial society respecting the right of private property and encouraging mercantile exchange.

The policy of governments in Europe, by not leaving exchange and business at perfect liberty, occasions inequalities and inefficiency. When the landlord, entrepreneur, or banker, finds he makes profit from his private property, he naturally employs more workers with the surplus, in order to make even more profit by their work. Increase his profit yet again, and he will naturally increase the number of his workers in proportion. The demand for those who live by wages, therefore, necessarily increases with the increase of the revenue and profit of every business in the country, and cannot possibly increase without it.

Is this improvement in the circumstances of the lower ranks of the people to be regarded as an advantage or as an inconvenience to the society? The answer seems abundantly plain. Servants, laborers, and workmen make up the far greater part of every great political society, and what improves the circumstances of the greater part can never be regarded as an inconvenience to the whole. No society can surely be flourishing and happy of which most of the members are poor and miserable. However, the liberal reward of labor and enterprise does nothing but increase the industry and expectations of the common people, and the market, free from government interference through regulation and taxes, assures growth for all. Every improvement in the circumstances of any society thus tends directly or indirectly from the right to private property, freedom to trade, and liberty of movement.