Adam Smith

Overview

Adam Smith was born in Kirkcaldy, Fife, Scotland in 1723. He is famous for his contributions in the fields of moral philosophy and political economics through his books *The Theory of Moral Sentiments* and *An Inquiry into the Nature and Causes of the Wealth of Nations*. *The Wealth of Nations* especially is regarded as one of the first modern works of economics, and provides much of the basis for capitalist model of modern economics. This earned him his nickname as the "father of economics."

Education

Smith attended the University of Glasgow in 1737. Three years later he started at Oxford, where he studied and gained enough fame in the academic world to land a position at the University of Edinburgh back home in Scotland in 1748. However, he did not enjoy his time at Oxford, because unlike Scotland, where professors were paid based on the number of students who attended their lectures, in England, professors were paid a regular wage. As a result, Smith found the lectures at Oxford too "boring."

Life

Sometime around this time, he met David Hume, a fellow Scotsman and philosopher who was an intellectual contemporary of Smith. Smith rose quickly within the ranks of academia and became the Chair of Logic at Glasgow in 1751, and gained the Chair in Moral Philosophy a year later. Smith was known to be a rather eccentric and absent-minded person. There is a story that when he went to visit a tanning factory once, he accidentally fell into a tanning pit. In 1759, he wrote his first major work, *The Theory of Moral Sentiments*. This work gained him success and he started on a lecture circuit in the 1760s regarding political economy. In 1763 he joined the Duke of Buccleuch's son on a grand tour of Europe, traveling with him for three years. During this time he came into contact with many minds of the Enlightenment movement, and most influentially, the physiocrats who influenced the way he thought about economics and philosophy. Ten years after the grand tour, Smith wrote the *Wealth of Nations*, considered his most important work. As he aged, he was given a place to work in the Customs Office and moved in with his mother (he was always a bachelor). Adam Smith died in 1790 and has been a celebrated thinker ever since.

Philosophy

Smith begins his analysis with a methodology based upon rational self-interest. Because Smith attempts to explains societal behavior at a micro level, rather than a macro one, this approach is viewed as Methodological Individualism. In the *Wealth of Nations*, he relies heavily on the concept of Methodological Individualism to explain his arguments, and this also explains the Invisible Hand. This idea first holds that people are rational and selfish beings, so we can calculate what individuals will do based on their self-interest; and through the same logic, we can predict what society will do. Because we all act upon self-interest, economists can consistent predict how market forces will direct trade. In other words, an [Invisible Hand](powerpedia:Invisible Hand) directed the market as a combination of self-interest, competition, and supply-and-demand.
Besides rational self-interest, Smith also further a notion of sympathy in *A Theory of Moral Sentiments*. Methodological individualism, for Smith, is an analysis of how individuals react to their environment, grounded in individual action, rather than in moral rules that dictate the actions of the collective. In *Moral Sentiments*, Smith clearly dictates that it is through each agent's unconscious egotism that man is capable of relating to each other. The Author of Nature programmed our minds to engage in sympathy subconsciously: starting from our infancy, we assume automatically that our personal reactions to a scenario are universal maxims. Smith argues that the ability to mirror ourselves in others is the concept of sympathy.

**Impact**

Smith is considered the father of modern economics, and his ideas about economics and capitalism still carry enormous weight.

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