

Adam Smith and “Invisible Hand”

- Who is Adam Smith (1723-1790)?

- Father of Modern Economics
- Author of *Wealth of Nations*
- Invisible Hand

○ Smith’s Life and Works

1723...born in Scotland, Kirkcaldy

1737...studied at University of Glasgow

1740...studied at Balliol College, Oxford

“In the University of Oxford, the greater part of the public professors have, for these many years, given up altogether even the pretence of teaching.”

1745...the Jacobite rebellion

1748–1751...lectures on rhetoric and jurisprudence in Edinburgh

1750...met David Hume

1751...became Professor at Glasgow University

1759...published *Theory of Moral Sentiments*

1763...appointed tutor to the Duke of Buccleuch. End of the Seven Years War.

1765...Smith and Buccleuch arrived in Paris

1776...published *Wealth of Nations*. Hume died. American declaration of independence

1790...died aged 67

Let’s Read !

- *Wealth of Nations*, Book IV, Chapter II

① Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his

own advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily, leads him to prefer that employment which is most advantageous to the society.

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② He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it.

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③ What is the species of domestic industry which his capital can employ, and of which the produce is likely to be of the greatest value, every individual, it is evident, can, in his local situation, judge much better than any statesman or lawgiver can do for him.

Question:

What does ‘invisible hand’ mean here?

Further Readings:

堂目卓生『アダム・スミスー『道徳感情論』と『国富論』の世界』中央公論新社、2008年。

田中秀夫『原点探訪ーアダム・スミスの足跡』法律文化社、2002年。

Nicholas Phillipson, *Adam Smith: An Enlightened Life* (London: Allen Lane, 2010).