

Adam smith: economic thought assignment

[History](#)



Adam Smith When studying Adam Smith's countless theories, the model of economic growth had many distinct factors to be noted. All of which have been embellished on since his passing proving their relevance even today. These factors included labor, consumer preferences, and natural resources. Smith thought labor was the source of all wealth. As the population grew, jobs would be available and wages would self-regulate. He also explained that producers would be guided by the public's tastes.

Another guide for producers was the amount of physical resources available. In Smith's model of economic growth, the second great law is the law of population. When speaking about wages Smith says, "that the higher wages get, the higher the number of workers will become, and the higher number of workers will cause wages to fall." Population growth according to Smith, allows the accumulation to be made possible. Growth in the population enables the possibility of higher wage levels.

The law of accumulation is Smith's law that says the objective of most capitalists is to accumulate their savings. Smith says that the more they accumulate, the more the world will benefit. Smith did not believe in accumulation for riches, but in accumulation for capital. Accumulation of profits or what is aptly called retained earnings meant for business projects such as acquisition of more machinery and raw materials. This in turn is deemed to earn more profits, evident of his theories are clearly evident today.

Smith was as radical as they come (invisible hand). He attacked the guild system and over-spent planning when these were considered part of the

natural order He defended free trade at a time when His Majesty government managed international. Though criticizing the American colonists as freeloaders, Smith nonetheless advised that “ Great Britain should voluntarily give up all authority over her colonies, and leave them to elect their own magistrates, to enact their own laws, and to make peace and war as they might think proper. Smith’s views of government were to protect society, take on areas that benefit all of society, and create an environment where everyone had equal access to the market place. Very little has changed since Adam Smith wrote Wealth of Nations. Large businesses still strive to monopolize the market with subsidies from the government. Smith warned that unregulated banks will go bankrupt, and businesses self interest are not the same as society’s interest. He felt that the free market, with the emphasis on competition, would be an equitable way of distributing the wealth to all members of society. Adam Smith: Economic Thought By Judicially