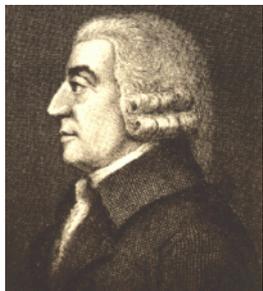


[The Wealth of Nations after 236 years](#) [1]

Written by [Blog Editor](#) [2] | Friday 9 March 2012



Today is the 236th anniversary of the publication of the *Wealth of Nations*. In the spirit of efficiency, here is Eamonn's post commemorating last year's anniversary:

For a quarter of the last millennium, we have actually known the principles by which wealth is created and maximised. The trouble is, that for most of the same time, we have been trying to resist that information, thinking that we can somehow do better than the market.

The *Wealth of Nations* is a great book: most objective commentators would probably put it among the top five books ever written, in terms of its influence on humankind and the way we live. Yes, it's very eighteenth-century stuff, sprawling and wordy, with enormous digressions on things that do not seem very interesting to us today. And yet it is the book which took economics out of its primitive phase and made it distinctly modern. We can understand what Smith says because it is all around us today.

The very first sentence of the book dismisses the old idea that the wealth of a nation was the amount of gold and silver that it had hoarded up in its vaults. Rather, says Smith, the measure of a country's wealth is what it produces. He had invented the idea of gross national product. And the wealth of the citizens of that country depends on how many there are. He had invented the idea of GDP per capita. And so it goes on.

But surely his greatest breakthrough was the realisation that we do not have to grow or make things in order to increase our wealth. We can also increase it by simply exchanging things. If you have something I want and I have something you want, we are both better off by swapping it. And that is the foundation of market exchange and trade, and of the specialisation that makes our production and exchange system so spectacularly efficient, creating and spreading benefit throughout the world.

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