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LA Dinner: The Relevance of Adam Smith [1]

Written by **Blog Editor** [2] | Friday 16 November 2007

Adam Smith Institute Director, Dr Eamonn Butler, spoke last night at a dinner of the Libertarian Alliance, in Westminster. His theme was *'The Relevance of Adam Smith'*.

Smith is very much in vogue - a statue of him will go up in Edinburgh this summer, and he is on the English £20. The former is down to us, but the latter may be down to Gordon Brown, who also hails from Smith's home town of Kirkcaldy and who is a Smith fan. Well, in a way: he has been trying to reinvent Smith as an early Scottish socialist. And that, Butler told the Libertarians, does not work.

Certainly, Smith was a critic of businesspeople - but largely because of the monopolies and favourable regulations that the politicians were prepared to give them. He did not think, as Brown does, that politicians are right to intervene morning, noon, and night in the economy. Certainly, he was no defender of laissez-faire. But he understood the dynamism of free exchange and how it spread benefit quickly and widely. And he realized that it needed a framework of rules to maintain that highly beneficial system. Certainly, he thought that there was a role for government in things like public works and education. But he thought that because he wanted to make sure that the market exchange system had the infrastructure to travel on - not just the physical infrastructure, but the human capital too.

Butler joked that Smith told us not to choke off the dynamism of the free market, not to kill enterprise through high taxes, and not to trust politicians who want to re-shape the world - but the EU isn't listening to the first point, the Conservatives don't seem to bothered about the second, and Brown is a prime example of the third. So maybe Adam Smith has no modern relevance at all! And yet:

> *Though the profusion of government must, undoubtedly, have retarded the natural progress of England towards wealth and improvement, it has not been able to stop it.*
> -***The Wealth of Nations*, Book II, Chapter III**

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[4] http://disqus.com