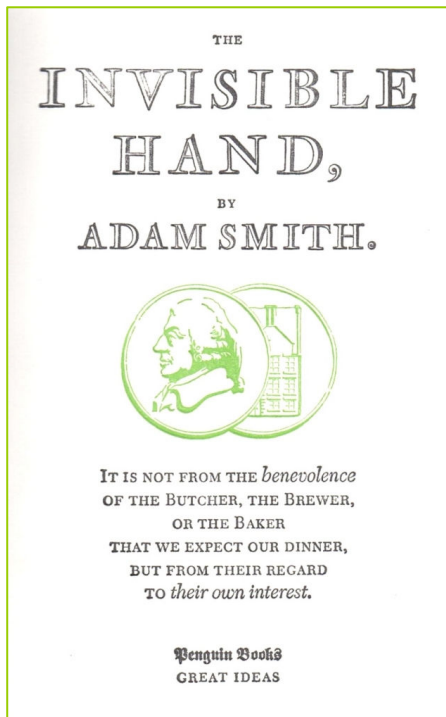


Unrestrained market economy

Per-Olof Johansson



The Invisible Hand by Adam Smith – Penguin Books 2008
– a selection from
The Wealth of Nations.

It does not seem to affect supporters of the unrestrained market economy, that its principle that the common good is achieved by any operating unrestrainedly for his own interest, again again has gained a shattering blow, revealed by the financial crisis 2008. The basic thesis, drawn from Adam Smith: The Wealth of Nations is this:

*“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.**”*

“It is not from the benevolence of the butcher the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We

address ourselves, not to their humanity, but to their self-love, and never talk to them of our own necessities, but of their advantages."

What supporters of the unrestrained market economy forgot to read in Adam Smith was perhaps these lines:

"Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and bring both his industry and capital into competition with those of any other man, or order of men."

So **"as long as he does not violate the Laws of Justice"**! Supporters of the unrestrained market economy rely on that if they act as "The Invisible Hands" they go free - though it was something quite different, the good Adam meant.

For he also wrote:

"The directors of such companies, however, being the managers rather of other people's money than of their own, it cannot well be expected that they should watch over it with the same anxious vigilance with which the partners in a private copartnery frequently watch over their own.... Negligence and profusion, therefore, must always prevail, more or less, in the management of the affairs of such a company." (Adam Smith: The Wealth of Nations bog 5, kap2, del 2.)

Yeah, I guess that's what we have experienced in an alarming magnitude!

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Adam Smith:

The Wealth of Nations

<http://political-economy.com/wealth-of-nations-adam-smith/>