

Course 2: Classical economics

Smith : *An Inquiry into the Nature and Causes of the Wealth of Nations*

Find synonyms :

improved examined functions usually production

Adam Smith is generally held to be the founder of modern economics. Writing in the late 18th century, he described numerous economic phenomena which are seen to be at the heart of the market mechanism and capitalist economic production.

To begin with, Smith notes how economic activity – and more specifically manufacturing output – may be enhanced by the division of labour. By splitting up the production process, the output of labour may be increased as tasks are simpler to learn and time is saved in moving from one activity to another.

benefit restricted goods kindness production

According to Smith, the division of labour is only limited by the capacity to exchange, in other words to sell products into the market and with the earnings to buy other products. This observation leads him logically to favour free markets, in which individuals may participate without government regulation.

Indeed, Smith affirms that such free markets are capable of generating a harmonious organisation of society. In a much-quoted sentence he notes that: “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 advantage”. This view of the market as spontaneously coordinating economic activity has more generally been referred to as the “invisible hand”.

wealth, wealthy, the wealthy	richesse, riche, les riches
division of labour	division du travail
skill, technical skill (on a CV: Language and computer skills)	habileté, adresse, dextérité, aptitude technique
skilled labour	travail qualifié, main d’œuvre qualifiée
unskilled labour	travail non-qualifié
exchange, to exchange	échange, échanger

Use the following words to complete the sentence: *skill, productive, directed, labour*.

Chapter I: “The greatest improvement in the _____ powers of _____, and the greater part of the _____, dexterity, and judgement with which it is anywhere _____, or applied, seem to have been the effects of the division of labour”.

Chapter III: put the following words in the correct order to make a sentence:

labour limited the is extent by market The of of division the

value, use value, exchange value	la valeur, valeur d'usage valeur d'échange
the labour theory of value	la théorie de valeur-travail
price production cost	prix coût de la production
to purchase purchasing power	acheter pouvoir d'achat

Ricardo, D., Chapter VII, "On Foreign Trade", *The Principles of Political Economy and Taxation*.

Use the following words to complete the paragraph: *good, economically free, beneficial, distributes, interest*

Under a system of perfectly _____ commerce, each country naturally devotes its good capital and labour to such employments as are most _____ to each. This pursuit of individual advantage is admirably connected with the universal _____ of the whole. By stimulating industry, by rewarding ingenuity, and by using most efficaciously the peculiar powers bestowed by nature, it _____ labour most effectively and most _____: while, by increasing the general mass of productions, it diffuses general benefit, and binds together, by one common tie of _____ and intercourse, the universal society of nations throughout the civilised world.

foreign trade free trade	commerce extérieur libre échange
exportable commodities	marchandises échangeables
(un)tradable commodities	biens/marchandises non échangeables
comparative advantage absolute advantage	avantage comparatif avantage absolu
natural endowment(s)	dotation naturelle
trade specialisation	spécialisation des échanges
competition to compete	concurrence faire concurrence à quelqu'un, concourir
competitiveness	compétitivité
free competition unfair competition to be in competition with someone	libre concurrence concurrence déloyale être en compétition avec quelqu'un

Marx

labour	travail
labouring power	force de travail
surplus value	plus-value
rate of surplus value	taux de plus-value
absolute surplus value	plus-value absolue
means of production	moyens de production
falling rate of profit	baisse de rentabilité
accumulation of capital	accumulation du capital
alienation	aliénation
industrial reserve army	armée industrielle de réserve
class struggle	lutte des classes
historical materialism	matérialisme historique
proletariat	prolétariat
superstructure	superstructure
over-production	surproduction
necessaries	produits de première nécessité
private property (of the means of production)	la propriété privée des moyens de production

Marx, K., “Wages, Price and Profit”, in *Marx and Engels Sel. Works in One Volume*, Lawrence and Wishart, 1968.

Use the following words to complete the paragraph: *quantity, selling, value, profits.*

Section VI: On an average, commodities are sold at their real _____, and [...] _____ are derived from _____ them at their values, that is, in proportion to the _____ of labour realised in them.

working man, power, capitalist

Section VII: What the _____ sells is not directly his Labour, but his Labouring _____, the temporary disposal of which he makes over to the _____.

consumed, necessary, necessaries, wear out

[The Value of Labouring Power] is determined by the quantity of labour _____ to produce it. The labouring power of a man exists only in his individuality. A certain mass of _____ must be _____ by a man to grow up and maintain his life. But the man, like the machine, will _____, and must be replaced by another man.

proportion, reproduce, surplus time, working-day

Section IX: The rate of surplus value, all other circumstances remaining the same, will depend on the _____ between that part of the _____ necessary to reproduce the value of the labouring power and the _____ or surplus labour performed for the capitalist. It will, therefore, depend on the ratio in which the working-day is prolonged over and above that extent, by working which the working man would only _____ the value of his labouring power, or replace his wages.
ctive demand.