# Adam Smith's 'Wealth of Nations' Helped Create the World's Wealthiest Nation

## Smith's classic book helped unleash the market forces that took root first and deepest in America.

Barrons, By Kenneth G. Pringle, July 22, 2026

No one has summed up the American business ethos better than an 18th-century Scotsman.

"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 to bring both his industry and his capital into competition with those of any other man, or order of men," Adam Smith wrote in *An Inquiry Into the Nature and Causes of the Wealth of Nations*, published March 9, 1776. A statue of Adam Smith is pictured above, in Edinburgh, Scotland.

Thomas Jefferson didn't get a chance to read *Wealth of Nations* before starting on the Declaration of Independence two months later.

Yet at the heart of both works, written by two British subjects an ocean apart, was the same powerful message: The Divine Right of Kings was a fraud. Power didn't flow down from heaven, they argued; it flowed up from the people.

It was a direct attack on the legitimacy of Britain's King George III, and George knew it.

Jefferson's assault was political, arguing that a free people had the right to reject a tyrannical king. Smith's was economic, asserting the right of all men to "truck, barter, and exchange"—that is, do business—regardless of royal prerogatives.

To Smith (1723-1790), *Wealth of Nations* was a "very violent attack…upon the whole commercial system of Great Britain."

The market forces Smith unleashed would disrupt and shatter the mercantilist system practiced by Britain and the other European powers, a crown-directed strategy for hoarding gold. Free enterprise changed the equation.

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Today, Smith is considered the father of modern economics, the lodestar for Keynesians and monetarists, Marxists and supply-siders. The *Wealth of Nations* has been translated into 19 languages, including Chinese. Try getting a degree in economics without studying it.

Before conquering the world, however, Smith's concept of free enterprise took root first and deepest in America, Jefferson's land of the free.

"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," Smith wrote, offering the foundational principle of free-market economics.

This is sometimes referred to as the "invisible hand" theory—that as we pursue our self-interest, we unknowingly contribute to the common good. It's often used as an argument against government interference in markets.

Smith mentions the "invisible hand" just once in *Wealth,* and once in an earlier work, *The Theory of Moral Sentiments*, and both times under limited circumstances, not as an overarching theory.

Rather than blindly trusting in markets, Smith had a healthy skepticism of those engaged in business.

"People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices," Smith wrote.

Smith had particular contempt for landlords who "love to reap where they never sowed," and he understood the relationship between wealth and poverty.

"For one very rich man there must be at least five hundred poor," Smith wrote, in part as a warning that inequality can cause social instability.

Smith favored limited government, as opposed to the all-encompassing power of the British monarchy. But a "sovereign or commonwealth" was needed to protect private property, guarantee contracts, and undertake commercial projects beyond the means of private investors, such as highways, bridges, canals, and harbors.

Alexander Hamilton made public works the centerpiece of his Report on Manufactures, submitted to Congress on Dec. 5, 1791.

Where the contributions of "patriotic individuals" aren't enough, the U.S.'s first Treasury secretary wrote, the "public purse" must be used.

"In what can it be so useful, as in prompting and improving the efforts of industry?" Hamilton argued.

In the decades to follow, government investment helped build the Erie Canal, cementing Wall Street's role as the nation's financier, as well as the railroads, the Interstate Highway System, and the internet, which got its start in a Defense Department lab, have benefited from government subsidies.

Hamilton disagreed with Smith on one key point: free trade. Where Smith opposed tariffs, Hamilton believed they could support America's nascent industries.

The tariff debate split the union from the beginning. The fast-industrializing North supported tariffs as protection from cheap imports; the slave-powered, agrarian South opposed them as an added tax burden.

The Civil War settled the debate, for a time, with the U.S. following a high-tariff regime until the Great Depression. Free trade gained ascendancy after World War II, only for President Donald Trump to begin the tariff debate anew.

Smith did endorse another controversial government levy: the progressive income tax.

"It is not very unreasonable that the rich should contribute to the public expense, not only in proportion to their revenue, but something more than in that proportion," he wrote, a sentence the rich have rued for 250 years.

The American problem was heating up when Smith was in London, from 1773 to 1776, preparing *Wealth* for publication. Smith considered the colonial system inefficient and suggested the American colonies should either be given parliamentary representation or be set free.

Though he never crossed the Atlantic, Smith had at least one American friend in Benjamin Franklin. They first met in Edinburgh in 1759, at a dinner with figures of the Scottish Enlightenment, including David Hume.

Smith and Franklin likely renewed their acquaintance in London, when Franklin was representing the colonies' interests from 1773 to 1775.

"Dr. Franklin," an old friend wrote, years later, "once told my husband that the celebrated Adam Smith, when writing his *Wealth of Nations*, was in the habit of bringing chapter after chapter, as he composed it, to himself…and others of the literati."

Scholars question this remembrance; it is documented nowhere else. Still, if not from Franklin, Smith did gain some insight into these new people called Americans.

“From shopkeepers, tradesmen, and attorneys, they are become statesmen and legislators and are employed in contriving a new form of government for an extensive empire, which, they flatter themselves, will become, and which, indeed, seems very likely to become, one of the greatest and most formidable that ever was in the world.”

A quarter of a millennium later, Smith’s words still ring true.