**Text 2. Read and translate the text**

**The history of economics as a discipline**

The effective birth of economics as a separate [discipline](https://www.merriam-webster.com/dictionary/discipline) may be traced to the year 1776, when the Scottish philosopher [Adam Smith](https://www.britannica.com/biography/Adam-Smith) published *[An Inquiry into the Nature and Causes of the Wealth of Nations](https://www.britannica.com/topic/An-Inquiry-into-the-Nature-and-Causes-of-the-Wealth-of-Nations)*. There was, of course, economics before Smith: the Greeks made significant contributions, as did the [medieval](https://www.merriam-webster.com/dictionary/medieval) scholastics, and from the 15th to the 18th century an enormous amount of pamphlet literature discussed and developed the [implications](https://www.merriam-webster.com/dictionary/implications) of economic [nationalism](https://www.merriam-webster.com/dictionary/nationalism) (a body of thought now known as [mercantilism](https://www.britannica.com/topic/mercantilism)). It was Smith, however, who wrote the first full-scale [treatise](https://www.merriam-webster.com/dictionary/treatise) on economics and, by his magisterial influence, founded what later generations were to call the “English school of classical political economy,” known today as [classical economics](https://www.britannica.com/topic/classical-economics).

The *Wealth of Nations*, as its title suggests, is essentially a book about economic development and the policies that can either promote or hinder it. In its practical aspects the book is an attack on the [protectionist](https://www.britannica.com/topic/protectionism) doctrines of the mercantilists and a brief for the merits of free trade. But in the course of attacking “false doctrines of political economy,” Smith essentially analyzed the workings of the [private enterprise system](https://www.britannica.com/topic/capitalism) as a governor of human activity. He observed that in a “commercial society” each individual is driven by self-interest and can exert only a negligible influence on prices. That is, each person takes prices as they come and is free only to vary the quantities bought and sold at the given prices. The sum of all individuals’ separate actions, however, is what ultimately determines prices. The “invisible hand” of competition, Smith implied, assures a social result that is independent of individual intentions and thus creates the possibility of an objective science of economic behaviour. Smith believed that he had found, in [competitive](https://www.britannica.com/topic/competition-economics) markets, an instrument capable of converting “private vices” (such as selfishness) into “public virtues” (such as maximum production). But this is true only if the competitive system is embedded in an appropriate legal and institutional framework—an insight that Smith developed at length but that was largely overlooked by later generations.

One generation after the publication of Smith’s tome, [David Ricardo](https://www.britannica.com/biography/David-Ricardo/Additional-Reading) wrote *[Principles of Political Economy and Taxation](https://www.britannica.com/topic/On-the-Principles-of-Political-Economy-and-Taxation)* (1817). This book acted, in one sense, as a critical commentary on the *Wealth of Nations*. Yet in another sense, Ricardo’s work gave an entirely new twist to the developing science of [political economy](https://www.britannica.com/topic/political-economy). Ricardo invented the concept of the [economic model](https://www.britannica.com/topic/economic-model)—a tightly knit logical apparatus consisting of a few strategic variables—that was capable of yielding, after some manipulation and the addition of a few empirically observable extras, results of enormous practical import. At the heart of the Ricardian system is the notion that economic growth must sooner or later be arrested because of the rising [cost](https://www.britannica.com/topic/cost) of [cultivating](https://www.merriam-webster.com/dictionary/cultivating) food on a limited land area. An essential ingredient of this argument is the Malthusian principle—enunciated in [Thomas Malthus](https://www.britannica.com/biography/Thomas-Malthus)’s “[Essay](https://www.britannica.com/topic/An-Essay-on-the-Principle-of-Population-as-It-Affects-the-Future-Improvement-of-Society-with-Remarks-on-the-Speculations-of-Mr-Godwin-M-Condorcet-and-Other-Writers) on [Population](https://www.britannica.com/science/population-biology-and-anthropology)” (1798): according to Malthus, as the labour force increases, extra food to feed the extra mouths can be produced only by extending cultivation to less fertile soil or by applying capital and labour to land already under cultivation—with dwindling results because of the so-called [law of diminishing returns](https://www.britannica.com/topic/diminishing-returns).

**Questions:**

1. When is the birth of economics as a discipline?
2. Who wrote the first full-scale [treatise](https://www.merriam-webster.com/dictionary/treatise) on economics?
3. What is the book “The Wealth of Nations”about?
4. Who is the author of “[Principles of Political Economy and Taxation](https://www.britannica.com/topic/On-the-Principles-of-Political-Economy-and-Taxation)”? Did it propose another concept?