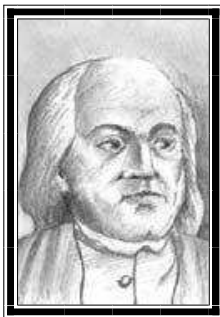


Task:

1. Why is Adam Smith known as the “Father of Economics”?
2. What is the idea of his most famous theory?
3. Say a few words about his life before Oxford University.
4. Why was Smith miserable at Oxford?
5. What was the University life at that time?
6. Did all these difficulties break his desire to study?
7. What was his life after the University?
8. Explain the meaning of the underlined words.
9. What was Adam Smith occupied with?
10. What book made him well known among other intellectuals?
11. Where did he begin to make a thorough investigation of economics?
12. When did he complete and publish his most famous book?
13. What ideas did he express in his book?
14. Why did he sharply criticize the British government?
15. Was this book a success?
16. Where did he spend the remaining days of his life?
17. When did he die?
18. What legacy did he leave?
19. Explain the meaning of the emphasized words.
20. Discuss the text with your groupmates.

3.2. JEREMY BENTHAM (1748 – 1832)



The **assumption** that individuals act in ways that maximize their level of satisfaction is one of the most basic ideas economists use to analyze human behaviour. The notion was introduced by eighteenth – century British economist Jeremy Bentham, who developed it in an effort to **encourage** changes in economic policies. Today it forms the **crux** of our analysis of consumer behaviour.

Born February 15, 1748 in London, young Jeremy **gave his parents little ground for complaint**. At age three he was reading, by five he wrote phrases in Latin, and by the time he was seven he wrote as well in French as in English and could play the piano and the violin. At the activities that would have earned him the companionship of other boys, however, Jeremy proved a disap-

pointment. The usual boyhood games tired him; he was, in his own recollection, “**the feeblest of all feeble boys**” Emotionally sensitive as well, he **shrank away** from fishing and hunting, activities his father enjoyed, upset that the sports caused living beings pain and suffering. At the age of seven, the **precocious** boy was sent to boarding school at Westminster. He **despised** the place and felt desperately lonely. His mother died while he was there, and his **despondency** over her death **intensified** the bitterness he felt for the school. In 1760, at age 12, Bentham left Westminster to study at Oxford. Though unhappy there as well-perhaps influenced by the **morose disposition** of his tutor – Bentham stayed and earned his undergraduate degree three years later. He had formed a deep **distaste** for law but, at his father’s insistence, began studying the subject at Oxford and Lincoln’s Inn in 1764. In 1769, at age 21, Bentham **was admitted to the bar**. Shortly thereafter **he chanced upon** a copy of Joseph Priestley’s **Essay on Government**, which introduced him to the utilitarian principle – the ethical theory that holds an action to be right if it achieves the greatest happiness for the greatest number of people. This **appealed** strongly to Bentham’s way of thinking, and he became convinced that the principle was the only true standard of **distinguishing** good laws from bad. He now understood his hatred of English law, by which, as he saw it, criminals were treated in a way that did not reflect the amount of harm done by the crime.

On October 14, 1772, Bentham wrote to his father that his distaste for law **rendered** him powerless to practice it with any **zeal**. He asked permission to retire. His father **consented** with regret, and Bentham **abandoned the bar**. Believing his son incapable of providing for himself, his father gave him two properties that **yielded** a modest income. In exchange, Bentham wrote, “I was to appear as a gentleman, with **lace and embroidery** on occasion.” He lived in a **thrifty** manner, using most of his income to purchase books and take vacations to the country.

Writing became Bentham’s **outlet**. Completing essay after essay, he developed the “greatest happiness” principle and offered legislators and judges’ methods with which they could apply the utilitarian ethical standard. In 1776 he published anonymously, **A Fragment on Government**. In 1780 he completed **An Introduction to the Principles of Morals and Legislation**, which he published in 1789 after much **prodding** by his friends.

THE “UTILITY” THEORY

In *Principles* Bentham developed his system of **assessing** the value of all activities. Everyone, Bentham argued, prefers pleasure to pain. All people act to benefit themselves according to this preference. Individuals, therefore, seek to **maximize** – a word he invented to express his meaning – “**utility**”, or their level

of satisfaction. The idea of utility as the driving force of individuals within society is a **cornerstones** of economic theory today. What Bentham tried to achieve was an explanation of human behaviour that put economics on the same level as the physical sciences. If individuals acted rationally in an effort to maximize their own utility, their behaviour could be systematically analyzed and explained.

Bentham argued that public policy decisions should be formulated on a utilitarian bases. He believed that the value of an act carried out in the “public interest” was the sum of its utility to all the individuals affected by the act. With this idea, Bentham made a **passionate attempt** at reforming English law. Many **sweeping reforms** in legislative and judicial procedures were initiated either by Bentham or by his disciples, and quite a few were put into law.

Jeremy Bentham retired in 1818 and died in 1832. In the interest of anatomical science, he had directed that his body be **dissected**. His skeleton, dressed in the clothes he commonly wore and supporting a **wax effigy** of his head, is preserved in the Anatomical Museum of University College in London.

Task:

1. What notion was introduced by J. Bentham to analyze human behaviour?
2. Why did young Jeremy give his parents little ground for complaint?
3. What was his attitude towards the usual boyhood games?
4. Describe his stay at boarding school at Westminster. What made him dependent there?
5. Where did he study law and what was his attitude towards this subject?
6. What made him think in a new way about the only true standard of distinguishing good laws from bad?
7. Why did J. Bentham abandon the bar and how did he earn his living?
8. What was he busy with after all?
9. What theory did he develop in “Principles”?
10. What do individuals seek according to his theory?
11. How did J. Bentham explain human behaviour?
12. How did his theory influence reforming English law?
13. What were last years of his life?
14. Explain the meaning of the emphasized words and expressions.
15. Discuss the text with your groupmates.