

Wealth of Nations

Adam Smith

Chapter 5 continued February 12, 2018



TAXES

**ARE LIKE THE GOV'T TAKING
40% OF YOUR LUNCH**

Bell Work on next slide:

Write in notebook

Do not start looking up the answers

You will have 5 minutes to write it down...

If you don't get finished, you will have time at the end of class to finish.

Section 6 Industrialism **BE SURE TO REVIEW PAST QUIZZES!**

Chapter 5 Capitalism

The Need for Colonies

1. How did Industrial capitalism differ from merchant capitalism?

P. 147

Adam Smith and Modern Capitalism

2. Who is capitalism's first great champion? P.147

3. What book is one of the most important studies of economics ever written? Who is the author?

4. What is *the law of supply and demand*? p.147

5. What does *laissez faire* mean and where is its origins? P. 148

Answer to 5 on Reading Focus question... turn to page 148

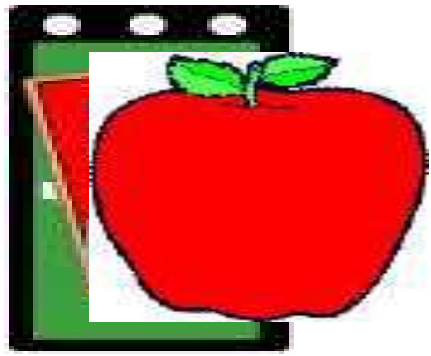
Smith felt that government should intervene to prevent unfair advantages but in general Smith believed it was best for the government to do nothing more than it had to do to maintain fairness in manufacturing and trade... the French, meaning the government should allow the marketplace to act or work all by itself



- Adam Smith starts his landmark book by making a basic statement, saying that he's going to talk about what counts as the "wealth" of a country and how certain countries tend to have more wealth per person than others.
- For starters, the wealth of a nation depends on the number of people who are productively employed compared to those who aren't. Next, you have to wonder about these people's level of skill and education.

- But Smith wants to figure out how many modernized countries have fared very differently when it comes to producing wealth. In other words, why have some succeeded more than others? Does it have to do with the people and land in that country, or can governments bring in specific policies that make the country wealthier? Of course, this is a question we're all still asking today. Just listen to two politicians argue about the economy and you'll see what we mean.

<https://www.shmoop.com/wealth-of-nations/introduction-summary.html>



One of the most basic concepts of economics is *Supply and Demand*. These are really two separate things, but they are almost always talked about together.

Supply is how much of something is available. For example, if you have 9 baseball cards, then your *supply* of baseball cards is 9. If you have 6 apples, then your *supply* of apples is 6.

Demand is how much of something people want. It sounds a little bit harder to measure, but it really isn't. To measure *demand*, we can use a very simple numbering system, just like the *supply* one.

If 8 people want baseball cards, then we can say that the *demand* for baseball cards is 8. If 6 people want apples, then we can say that the *demand* for apples is 6.

Did you notice that the baseball cards *supply* was one more than the baseball cards *demand*?

Did you also notice that the apples *supply* was equal to the apples *demand*?

<http://www.socialstudiesforkids.com/articles/economics/supplyanddemand2.htm>