

Is it Smith?

Let's review what we learned.

False: Adam Smith was born in London, England

1. In what ways do you find Adam Smith's life to be similar to or different from your life today or the lives of those around you?

2. What do you think might have been the most important influences on Smith's life, given the content of his later work?

True: Adam Smith is regarded as the founder of modern economics.

3. What seem to be the main differences and similarities between *The Theory of Moral Sentiments* and *An Inquiry into the Nature and Causes of the Wealth of Nations*?

4. How do you think Smith could believe that people can be self-interested and benevolent at the same time?

False: Adam Smith believed that wealth is the main source of happiness

5. Did Adam Smith regard selfishness as a virtue? Explain.

6. According to Smith, why do people care about the well being of others?

False: Adam Smith was pro-business and had nothing but praise for people who pursue their own interest in a market economy

7. Smith argues that to be wealthy, a nation requires “little more than peace, easy taxes, and a tolerable administration of justice.” What do you suppose he means?

8. According to Smith, what is one solution to encourage business people to be honest?

9. Why would business people be tempted to cheat their customers?

True: Adam Smith introduced the term “Invisible Hand”

10. What is Smith’s invisible hand?

11. What are the two examples Smith uses in his work of an invisible hand? In each case, what does the invisible hand lead to?

12. How do profits and losses act as incentives for businesses?

13. What is an alternative to using profit and loss to make production and consumption decisions?

False: Adam Smith was anti-government

14. Did Adam Smith believe there was no role for the government in the economy?

15. What did Adam Smith think were three proper roles for government?

16. Do you think Adam Smith could have imagined all the things that governments do today? Do you think he would be in favour or opposed to the things the government does today, and why?

False: Because Adam Smith supported markets, he also supported slavery and slave markets

17. What are three reasons that Smith opposed slavery?

18. What were two arguments in favour of slavery from Smith's time, and how did he argue against them?