WN Study Questions: Book 1 – Chapters 1,2 and 3

Book I - *Of the Causes of Improvement in the productive Powers of Labour, and of the Order according to which its Produce is naturally distributed among the different Ranks of the People*

Chapter I - *Of the Division of Labour*

1) Explain the pin example and what major point (no pun intended) Adam Smith is trying to make with the example.

2) How is the division of labor affected by the mix of manufacturing and industry to agriculture within a country and why?

3) Smith states the following: I.1.5 “This great increase of the quantity of work which, in consequence of the division of labor, the same number of people are capable of performing, is owing to three different circumstances...” What are the three circumstances? Explain each briefly.

4) Smith speaks to the interdependence that develops under an extremely fine division of labor in sections I.1.10-11. What does this lead to? Have you ever read anything similar to the passage in section I.1.11?

Chapter II - *Of the Principle which gives Occasion to the Division of Labour*

5) Does the division of labor spring from human wisdom? If not, from what?

6) What role does self-love play in human interaction?

7) Why should we not rely upon human benevolence as the primary motivator of human action?

8) Does Smith maintain that men are fundamentally similar or dissimilar? Explain.

Chapter III - *That the Division of Labour is Limited by the Extent of the Market*

9) How is exchange related to the division of labor?

10) Explain the title of this chapter.

11) Why does Smith maintain that countries with no access to navigable waterways are, and always will be, poor?