

STUDY QUESTIONS FOR SMITH

- VALUE AND DISTRIBUTION
- RESOURCE ALLOCATION

THEORY OF VALUE

1. Chapter 6: What determines the exchange value of commodities:
 - a. in pre-capitalist economies?
 - b. in capitalist economies?
2. Chapter 7: What is the distinction between the natural price and the market price of commodities?

THEORY OF DISTRIBUTION

1. Chapter 8
 - pp. 167-72: What determines the trend of wages over time?
 - pp. 189-90: What is the effect of an increase of wages on prices?
2. Chapter 9:
 - pp. 190-91: Why does the rate of profit decline over time?
3. Chapter 11
 - pp. 247-9: What determines the rent of land?
What is the relation between rent and price?
 - pp. 350-5: What are "the effects of the progress of improvement on the real price of manufactures?"
 - pp. 355-59: What were Smith's conclusions concerning the likely trends over time of wages, profit, and rent?
According to Smith, is the interest of society consistent with or in conflict with the interest of the classes of capitalists, landlords, and workers?

THEORY OF RESOURCE ALLOCATION, Book 4, Ch. 2, pp. 452-59

1. Summarize Smith's arguments against "restraints on imports."
What are some of Smith's examples of such restraints?
What exceptions does Smith make to these arguments?
2. Summarize Smith's arguments concerning the "invisible hand."