

Wealth of Nations Analysis

Grade Levels: 9-12

Time Commitment: 90 Minutes

Subject(s): World History, Civics, U.S. Government, Economics, U.S History

Overview: This lesson gives students an overview of the key concepts in Adam Smith's *The Wealth of Nations* as foundational to the United States capitalist system. It uses selections of primary-source excerpts from the document and can be completed individually, in pairs, or in small groups.

Materials: • Student Handouts (Digital or Printed) • Smartboard or Projector
• Optional: Printer • Whiteboard, Chalkboard, or Giant Sticky Note

Opener (15 Minutes):

1. Pose this question about Mercantilism and allow the students to brainstorm ideas:
 - a. Imagine there is a single, 'fixed pie' of wealth in the world. New wealth cannot be created; it can only be moved from one person's plate to another. In this scenario, what is the only way for your country to become the most powerful? Would you ever want to trade with a rival country? Why or why not?
 - b. Write their answers on the board under two columns: "Benefits for the Mother Country" and "Costs for the Colony."
 - i. As you move into the Adam Smith lesson, you can point back to these lists to show how Smith's ideas were a direct challenge to the system they just described.

Activity (65 Minutes)

1. Provide the context and summary behind Adam Smith's writing using the Slideshow (Pages 9-15)
2. Use the Say-Mean-Matter Handout (Pages 3-8) to have students work through Adam Smith's *The Wealth of Nations*

Closer (10 Minutes)

1. Pose the following questions:
 - a. What is one concept from today's lesson that stuck with you? Give a one-sentence explanation of that concept.
 - b. What is the one concept from today's lesson (e.g., Invisible Hand, Specialization, Mercantilism) that is still a bit confusing to you? Why is it confusing?
2. Have the students write their answers on a sticky note to post on the board, on an index card to hand to you, or in response to a discussion question posted on your learning management website.

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Tips & Tricks for the Activity

- It may help to assign videos or readings to prepare for this lesson or for students to review the material, such as the [Wealth of Nations Vocabulary sheet](#).
- Students should have a basic understanding of Mercantilism before examining *The Wealth of Nations*.

Extension Activity Ideas

- Have students annotate and rewrite each passage from *The Wealth of Nations* in their own words.
- Students could create an illustration (poster, cartoon, or infographic) that demonstrates a specific concept from *The Wealth of Nations* reading.
- Have students post their exit-ticket questions on a discussion board, and have them reply to one question of their choosing.

Modified Activity Ideas

- Have students work in groups to complete the Say-Mean-Matter Handout. Divide up the handout so that each passage is assigned to one group.
- Choose one concept to focus on within the Slideshow and Say-Mean-Matter Handout.
- Provide vocabulary to the students ahead of time to ensure they have something to reference as they complete the readings.

Wealth of Nations Analysis

Say-Mean-Matter Handout

Name: _____

Block: _____

Today, we'll be answering the following Essential Questions:

- To what extent should governments be allowed to regulate trade?
- To what extent should governments be allowed to regulate business?

Read the following excerpts from *The Wealth of Nations* and write your thoughts in the organizer below.

SAY	
“The greatest improvements in the productive powers of labour...seem to have been the effects of the division of labour.... This great increase in the quantity of work, which, in consequence of the division of labour, the same number of people are capable of performing, is owing to three different circumstances. First, to the increase of dexterity in every particular workman; secondly, to the saving of the time which is commonly lost in passing from one species of work to another; and, lastly, to the invention of a great number of machines which facilitate and abridge labour, and enable one man to do the work of many.”	
MEAN	MATTER
In your own words, describe the circumstances that Smith says will increase the quality of work.	Why does Smith say people must derive the greater part of what they need from the labor of other people?

Wealth of Nations Analysis

Say-Mean-Matter Handout

Name: _____

Block: _____

SAY	
“Every man is rich or poor according to the degree in which he can afford to enjoy the necessities, conveniencies, and amusements of human life. But after the division of labour has once thoroughly taken place, it is but a very small part of these with which a man’s own labour can supply him. The far greater part of them he must derive from the labour of other people, and he must be rich or poor according to the quantity of that labour which he can command, or which he can afford to purchase. The value of any commodity, therefore, to the person who possesses it, and who means not to use or consume it himself, but to exchange it for other commodities, is equal to the quantity of labour which it enables him to purchase or command. Labour therefore is the real measure of the exchangeable value of all commodities....Labour was the first price, the original purchase money that was paid for all things. It was not by gold or by silver, but by labour, that all the wealth of the world was originally purchased.”	
MEAN	MATTER
What does Smith mean by saying labor is the “real measure of exchangeable value of all commodities”?	“It was not by gold or by silver, but by labour that all the wealth of the world was originally purchased.” Why is this important, according to Smith?

Wealth of Nations Analysis

Say-Mean-Matter Handout

Name: _____

Block: _____

SAY	
“But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour and show them that it is for their own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our own necessities, but of their advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow-citizens.”	
MEAN	MATTER
Why would people want to supply goods?	How does this influence the market place that Smith describes?

Wealth of Nations Analysis

Say-Mean-Matter Handout

Name: _____

Block: _____

SAY	
As it is by treaty, by barter, and by purchase, that we obtain from one another the greater part of those mutual good offices which we stand in need of, so it is this same trucking disposition which originally gives occasion to the division of labour. In a tribe of hunters or shepherds, a particular person makes bows and arrows, for example, with more readiness and dexterity than any other. He frequently exchanges them for cattle or for venison, with his companions; and he finds at last that he can, in this manner, get more cattle and venison, than if he himself went to the field to catch them. From a regard to his own interest, therefore, the making of bows and arrows grows to be his chief business, and he becomes a sort of armourer. Another excels in making the frames and covers of their little huts or moveable houses. He is accustomed to be of use in this way to his neighbours, who reward him in the same manner with cattle and with venison, till at last he finds it his interest to dedicate himself entirely to this employment, and to become a sort of house-carpenter. In the same manner a third becomes a smith or a brazier; a fourth, a tanner or dresser of hides or skins... And thus the certainty of being able to exchange all that surplus part of the produce of his own labour, which is over and above his own consumption, for such parts of the produce of other men's labour as he may have occasion for, encourages every man to apply himself to a particular occupation, and to cultivate and bring to perfection whatever talent of genius he may possess for that particular species of business.	
MEAN	MATTER
What is specialization?	Describe one of the examples Smith uses to explain the benefits of specialization.

Wealth of Nations Analysis

Say-Mean-Matter Handout

Name: _____

Block: _____

SAY	
As every individual, therefore, endeavours as much as he can, both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain; and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest, he frequently promotes that of the society more effectively than when he really intends to promote it. I have never known much good done by those who were affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it.	
MEAN	MATTER
The phrase “an invisible hand.” is underlined. What does this mean? Can you think of a modern-day example of this concept?	What does Smith suggest is better for society: People trying to trade for the public good, or people pursuing their own interests? Why?

Wealth of Nations Analysis

Say-Mean-Matter Handout

Name: _____

Block: _____

Synthesis: Smith's ideas on democratic capitalism

In his writings, Smith is laying the groundwork for what will become the American Capitalist system

Choose one current public policy debate and explain how Adam Smith's ideas might be used to support one side of the debate. Then, explain one limitation or criticism of applying Smith's ideas today.

The Wealth of Nations

The Foundations of Modern Economics

Political & Economic Foundations

1776

Adam Smith and the Pivot of 1776

Adam Smith's groundbreaking economic text, **The Wealth of Nations**, was published on March 9th of 1776.

This is the exact same year that the Declaration of Independence was signed, marking a profound historical pivot in both political and economic thought.

Challenging Mercantilism: *What Makes a Nation Wealthy?*



- ◆ **The Mercantile System:** At the time, many believed a nation's wealth came from accumulating gold, holding colonies, and enforcing strict government control of trade.

- ◆ **Smith's Challenge:** Adam Smith rejected this "mercantile system."

- ◆ **The True Source of Wealth:** He argued instead that a nation's wealth actually comes from the productivity of its people, not from hoarding gold or strict government mandates.

The Engines of Wealth — Productivity and Specialization

Adam Smith argued that human productivity can be significantly improved through three key mechanisms:

C

Competition

In the marketplace.

S

Specialization

Also known as the division of labor.

E

Exchange

Which encompasses what people produce, trade, and consume.

"When people are completely free to pursue their own self-interest and exchange goods with others, labor naturally becomes specialized, driving further productivity."

The Invisible Hand: Order Without Central Control

- ◆ **The Invisible Hand:** When individuals pursue their own goals—like earning a living or starting a business—they often end up promoting the good of society without intending to do so.
- ◆ **Market Pricing:** When people compete freely, prices naturally rise and fall based on supply and demand.
- ◆ **Efficient Allocation:** These price changes signal producers to make more or less of something, allocating resources efficiently over time without the need for a central authority telling everyone what to do.



Government's Proper Role: Essential and Limited

Adam Smith did not argue for a world without government. He believed the government plays an essential role in:

- ◆ **Protecting the nation** (defense).
- ◆ **Enforcing laws and justice** (rule of law).
- ◆ **Providing public goods** like roads, infrastructure, and education.

However, Smith warned that governments should not interfere too much in the economy, especially when that interference benefits special interests instead of the general public.



The Legacy: Modern Free Enterprise

The core principles of Adam Smith's writings are foundational to modern economics and political thought.

◆ Free Enterprise

This term developed later to describe Smith's view of a system where individuals freely pursue their interests through competition and voluntary exchange, with limited government.

◆ Ongoing Relevance

Even today, modern debates about capitalism, economic regulation, and the proper role of government often trace directly back to the ideas germinate from Smith's 1776 writings.

This Lesson Plan was:

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