

Capitalism and Socialism, Smith 2

As you're reading the selection from Adam Smith's *Wealth of Nations* (Book II, Chapter 3, (selection); Bk. IV, Ch. 2 (selection)), consider the questions below.

1. How does a nation increase its capital?
2. What are "frugality" and "prodigality" as Smith means them? What do they have to do with increasing capital?
3. What natural human instinct does Smith posit to explain how the saving of capital occurs?
4. Is the instinct Smith posits actually a natural human one, common to all humans? Are there people who do not have it? Are there perhaps different cultures where it is rare or absent?
5. What should we think of those who lack this instinct? What does Smith's framework of thought suggest we should think of them?
6. Must an individual intend to benefit society in order to do so, according to Smith? How can an individual pursuing his own interest benefit society, according to Smith?
7. Does it matter for the aim of increasing capital if people are selfish, on this argument?
8. Can you think of instances where people acting for their own individual purposes serves some other wider purpose?