

Adam Smith. Wealth of Nations, From Chapter 5

Every man is rich or poor according to the degree in which he can afford to enjoy the necessaries, conveniences, 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.

The real price of everything, what everything really costs to the man who wants to acquire it, is the toil and trouble of acquiring it. What everything is really worth to the man who has acquired it and who wants to dispose of it, or exchange it for something else, is the toil and trouble which it can save to himself, and which it can impose upon other people. What is bought with money, or with goods, is purchased by labour, as much as what we acquire by the toil of our own body. That money, or those goods, indeed, save us this toil. They contain the value of a certain quantity of labour, which we exchange for what is supposed at the time to contain the value of an equal quantity. 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; and its value, to those who possess it, and who want to exchange it for some new productions, is precisely equal to the quantity of labour which it can enable them to purchase or command.

Define Each Word

degree: _____

derive: _____

commodity: _____

toil: _____

dispose: _____

Write the Correct Word from the Vocabulary

1. The value of a _____, such as cotton or coal, is equal to the quantity of labor that lets a person buy or use it.
2. As a society, we should be environmentally conscious when we _____ of our garbage.
3. Sister Elizabeth _____ satisfaction from helping her students understand difficult chemistry problems.
4. His erratic sleep pattern indicates the _____ of Jonathan’s depression.
5. Fiction writers often _____ for years at their craft without realizing any monetary gain.

Comprehension and Discussion: Answer Each Question in Complete Sentences

1. According to Smith, what is the value of any commodity?

2. Smith writes, “The real price of everything ... is the toil and trouble of acquiring it.” What does Smith mean by this statement? In your answer, include an example of an actual product.

