

## Chapter 1 The Fundamentals of Economics

### Economics and You: Adam Smith

**Directions** Answer the following questions providing examples whenever possible to support your written responses.

1. Generally speaking, incentives help to motivate people. Do you think Adam's Smith idea of "laissez faire" is in agreement with the concept of incentives? Explain your reasoning.

---

---

---

---

---

---

---

---

---

---

2. Analyze the following statement to see if you agree or disagree with it. Provide an example to support your opinion. "A self-motivated individual does not need incentives to accomplish a task."

---

---

---

---

---

---

---

---

---

---

**3.** Assume you are the manager of a fast food restaurant. Customers have complained about slow service and incorrect orders.

**A.** According to Adam Smith's philosophy what should the manager do?

**B.** If you were the manager what would you do to improve customer service and employee productivity?

---

---

---

---

---

---

---

---

---

---

---

---

**4.** If you follow Adam Smith's thinking on self-interest and specialization of labor, how would you decide on your major in college and future career path? What makes these decisions so difficult in today's economy when compared to Adam Smith's era?

---

---

---

---

---

---

---

---

---

---

---

---