

# 1 | Colbert and Smith

## 1.1 | Colbert: Memoir on Finances

/Colbert: minister of finance, minister of marine and colonies; proponent of mercantilism — states regulate economic activities to increase wealth./

- Can't increase French currency supply
- Believes that the king should... Control? trading through the West
- Needs to try to ensure that government is as rich as possible: meaning that one must engage in a *world of money*
  - Encouraged waging of trade wars
  - Take money from other economies
- Merchantilist: wage trade war, measuring success with the nation's wealth + seizure of trade. Goal = spend less, earn more, monopolize

## 1.2 | Smith: Wealth of Nations

- The more you spend, the more you get + open trade is encouraged
- Division of Labor
  - Division of labor occurs naturally, without human intervention
  - No other species does this — and instead seem to opt for independence + self-sufficiency
  - Humans have the tendency to help others
    - \* Humans operate not for benevolence, but instead help for self-interest
    - \* "give me that which I want, and you shall have this which you want."
- Trade
  - Monopolies to the domestic industry => useless/hurtful
    - \* Only serves to tell people what they should do with their money
  - If a foreign country has a commodity that we need, better buy it than to try to make it ourselves
- Duties of Government
  - Three principle Duties
    - \* Protecting society from violence and invasion
    - \* Protecting every member of society from injustice
    - \* Erecting and maintaining public works and public institutions for the interest of the society
- Capitalist: trade is better. Don't measure with how much wealth you have