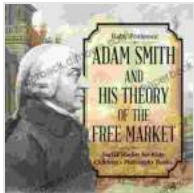


# Adam Smith and His Theory of the Free Market: A Guide for Kids

## Who was Adam Smith?

Adam Smith was a Scottish philosopher and economist who is considered the father of modern economics. He was born in Kirkcaldy, Scotland, in 1723. Smith studied at the University of Glasgow and the University of Oxford. After graduating, he worked as a professor of moral philosophy at the University of Glasgow. In 1776, he published his most famous work, *The Wealth of Nations*.



## Adam Smith and His Theory of the Free Market - Social Studies for Kids | Children's Philosophy Books

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## What is the free market?

The free market is an economic system in which the prices of goods and services are determined by the interaction of supply and demand. In a free market, there is no government intervention in the economy. Businesses

are free to produce and sell whatever they want, and consumers are free to buy whatever they want.

## **Adam Smith's theory of the free market**

Adam Smith believed that the free market was the best way to promote economic growth and prosperity. He argued that the self-interest of individuals would lead to the best possible outcomes for society as a whole. Smith called this the "invisible hand" of the market.

Smith believed that the division of labor was essential for economic growth. He argued that when workers specialize in a particular task, they become more efficient and productive. This leads to lower prices and higher quality goods and services.

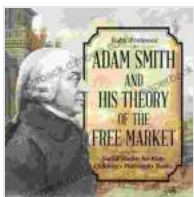
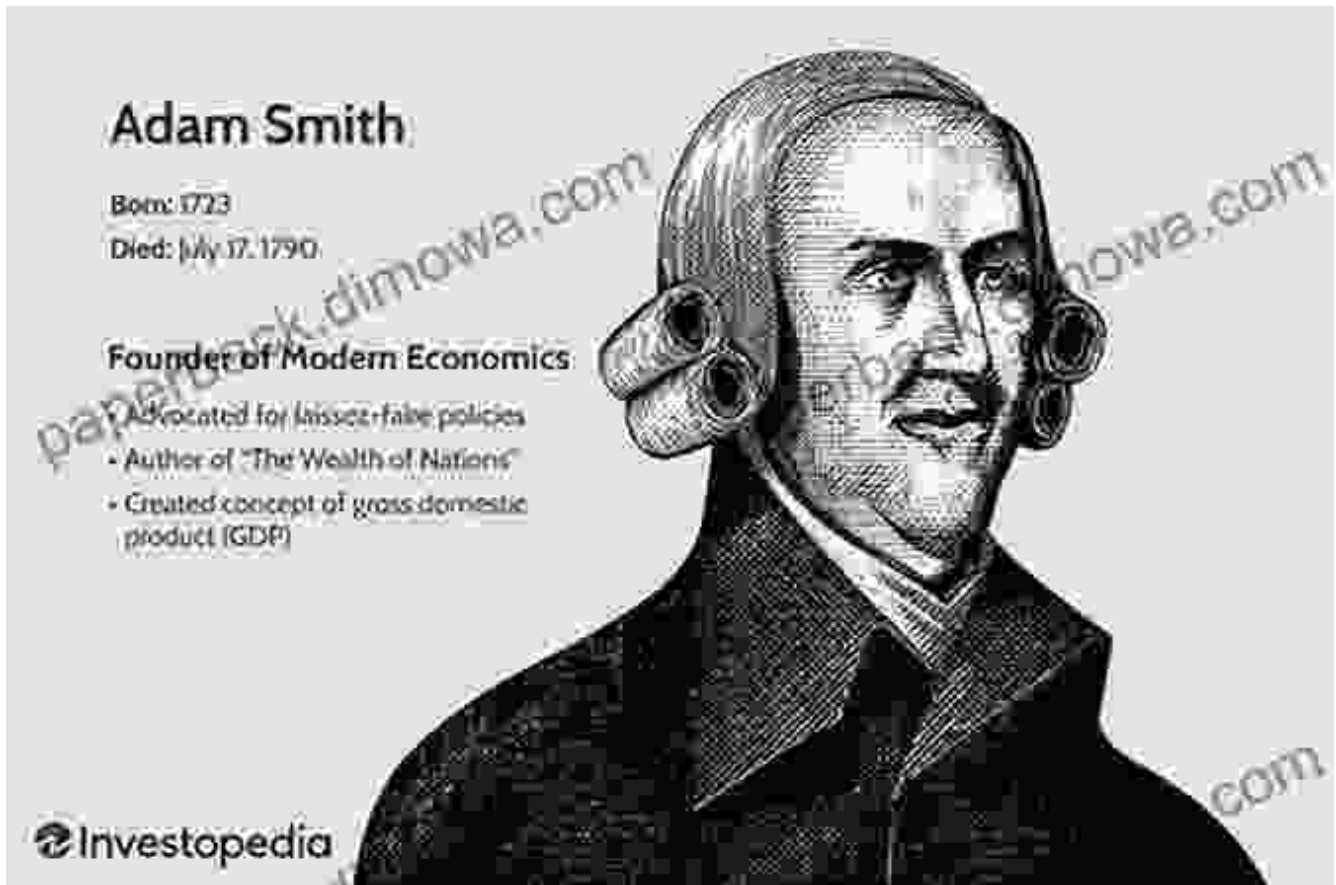
Smith also believed that free trade was essential for economic growth. He argued that countries should be able to trade freely with each other without government interference. This would lead to lower prices and a greater variety of goods and services.

## **The impact of Adam Smith's theory**

Adam Smith's theory of the free market had a profound impact on the development of capitalism. His ideas helped to create the conditions for the Industrial Revolution and the subsequent economic growth that has occurred over the past two centuries.

Smith's theory is still relevant today. It continues to be a source of inspiration for economists and policymakers around the world.

Adam Smith was a brilliant thinker whose ideas have had a profound impact on the world. His theory of the free market is a powerful argument for the benefits of economic freedom. Smith's ideas continue to be relevant today, and they will continue to inspire economists and policymakers for years to come.



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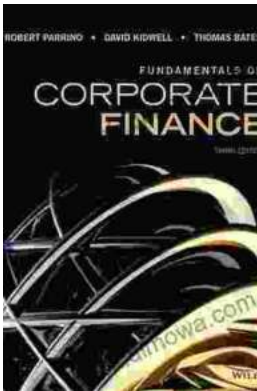
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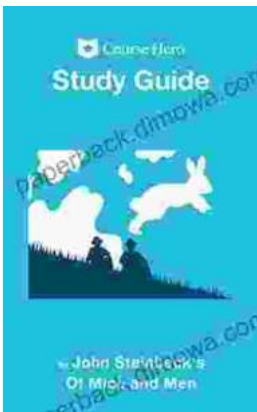
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