

Name: _____

Capitalism

Definition

An economic and political system in which a country's trade and industry are controlled by **private owners** for *profit*.

Advantages

Capitalism is said to promote **economic growth** and the overall **standard of living**. In other words, capitalism creates **CAPITAL** (money) ...and lots of it. Buyers (people) influence the market through their demand and ability to purchase goods and services. There is **very little government intervention**. Producers (businesses) are motivated by **profit** (money) and therefore create whatever goods people will buy.

Disadvantages

There is the belief that there is a **growing gap** between the rich and the poor, where the rich get richer and the poor, poorer.

BrainPop: Adam Smith

Adam Smith was an 18th Century (1700s) p_____.

He wrote "*The Wealth Of Nations*" which pretty much invented the modern field of _____.

Economics is **the study of how people produce, buy, and sell goods and services.**

Goods are things people can _____. Services are tasks that people pay people to do.

Adam Smith thought that the more _____ individuals had, the more

harmonious society would be.

Smith wrote that wealth isn't a zero-sum game, where one country's gain is necessarily another country's _____. He suggested that wealth comes from _____, not gold or silver.

.A country's economy can grow through **increased labor or productivity**.

Adam Smith's 3 strategies for helping the economy grow:

1. Letting people pursue their own self-interest or goals
 - a. When individuals work to benefit themselves, they benefit society as a whole. This is called the **invisible hand of the marketplace**.
2. Division of labor
 - a. You can produce more goods when work is broken up into simple tasks.
3. Free trade
 - a. When governments stay out of the way of international trade, (trade with other countries) everyone benefits.

"The Wealth Of Nations" said that a free market is preferable to an economy directed by the government. This idea became known as **laissez-faire, or "let it be."**

Smith believed that governments had a valuable role to play in making sure that everything stays fair. **Like the American Revolution, his ideas flowed from the principal, or idea, of _____.**

By the late 1800s, both democracy and Smith's vision of free market _____ had become widely accepted.

Adam Smith is known as the father of modern _____.

Bonus Question

* What product is Moby trying to sell at the end of the video?