

GIII- Adam Smith

- Opposed mercantilism
- Laissez-Faire = gov't should not interfere with business
- People should live in a free market
- Production should be governed by supply and demand not government control
- Capitalism: people could own business for profit
- His beliefs fueled the Industrial Revolution

Sample Questions

1. Which event had the greatest influence on the development of laissez-faire capitalism?

- (1) fall of the Roman Empire
- (2) invention of the printing press
- (3) Industrial Revolution
- (4) Green Revolution

2. Laissez-faire capitalism as attributed to Adam Smith called for

- (1) heavy taxation of manufacturers
- (2) strict government control of the economy
- (3) minimal government involvement in the economy
- (4) government investments in major industries

3. The economic theory of laissez-faire capitalism proposes that

- (1) command economies should provide the greatest opportunity for national growth
- (2) the nobility should have strict control over business and industry
- (3) the practices of mercantilism should be expanded
- (4) governments should not interfere with business