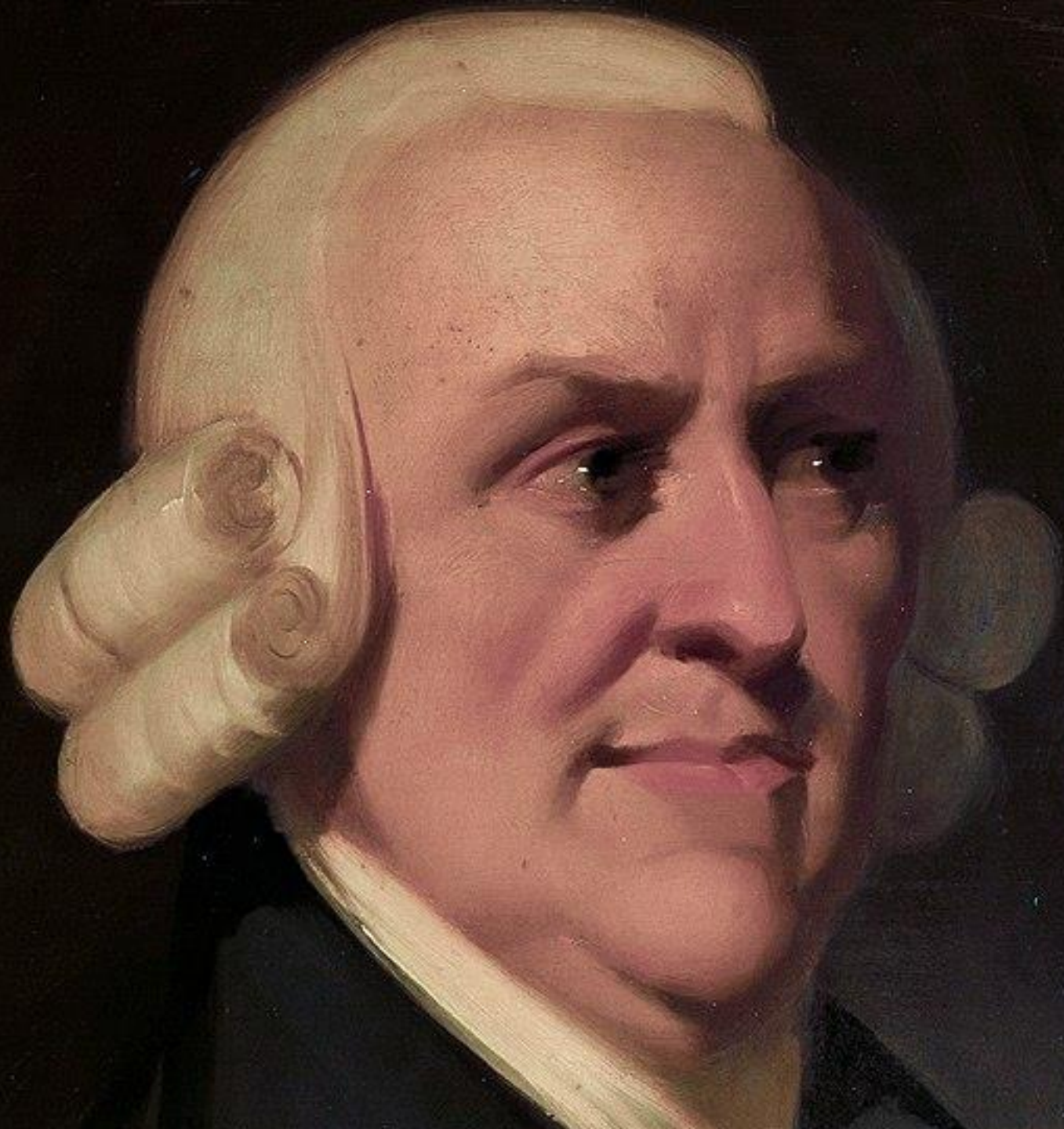


British Philosophy

+ its political aspects
+ a little bit more

Session# 12
Adam Smith



· Adam Smith
1723 - 1790
Edinburgh, Scotland
Logician
Customs chief
Political economist



Free market economy

Liberal philosophical basis

Invisible hand

Personal evils produce common good





The invisible hand is **a metaphor for how, in a free market economy, self-interested individuals operate through a system of mutual interdependence.** This interdependence incentivizes producers to make what is socially necessary, even though they may care only about their own well-being.



more demands > shortage > price level up > investment > more production > equilibrium

over production > demand shortage > level down the price > bankruptcy > de-investment > less production > equilibrium



Presumptions:

- No preferences,
- No ordered pricing,
- No unfair player (governmental, military etc.)
- No rentier player
- No leak of information
- No corruption
- Competition-based
- Transparency
- Equal access



1760 – 1840

(1764)



Free market and liberalism

Democracy

Technocracy



Thanks for your attention.