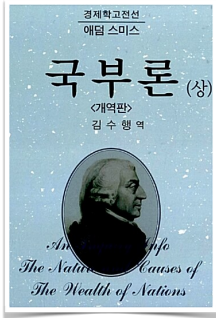


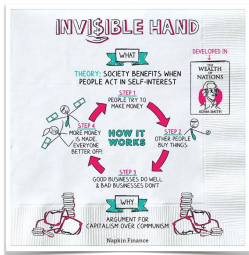
105. 애덤 스미스 ‘자유시장경제’ | Free-Market Economy

1. 국부론 (원제: An Inquiry into the Nature and Causes of the **Wealth of Nations**)



Adam Smith's free-market principles became a powerful driving force추진력 behind the Industrial Revolution in the 19th century. [Furthermore/However], as unregulated capitalism continued to [expand/diminish], the market eventually ran into unforeseen limitations, such as the rise of massive corporate [monopolies독점/oligopolies과점]. Although Smith himself had warned that [collision/collusion] among businesses could ruin the free market, it was only after enduring the Great Depression of 1929—an [precedented/unprecedented]전례없는 market failure시장실패 that [alleviated/devastated] the entire world—[what/that] humanity awoke to the cold reality that the self-regulating "invisible hand" could [freeze/melt] entirely.

2. Invisible Hand 보이지 않는 손



Adam Smith used the term “the invisible hand.” Every individual, indeed, [either/neither] intends to promote the public interest공익, nor [knows/know] how much he is promoting it. By pursuing his own interest사익 he promotes [that/those] of the society more [effectually/ineffectually] than when he really intends to promote it.

3. Liberalism 자유주의



Adam Smith wrote that as long as supply, demand, prices, and competition were left [constrained/free] from government regulation, the pursuit of material self-interest, rather than [selfishness/altruism], would [maximize/minimize] the wealth of a

society through profit-driven production of goods and services. An “invisible hand” directed individuals and firms to work toward the [individuals’/nation’s] good as a consequence of efforts to maximize their own gain. This provided a [moral/immoral] [guilt/justification] for the accumulation축적 of wealth, which [had/has] previously been viewed by some as [graceful/sinful].

4. Free Market Economy (Laissez-Faire) 자유시장경제 (라제페어)



Laissez-faire is an economic system [which/in which] [transmissions/transactions] between private parties are free from government [interruption/intervention]개입. The [phase/phrase] laissez-faire is part of French phrase and [literately/literally] translates to “let go”. Laissez-faire

was “conceived고안하다 as the way to [confine/release] human potential through a system [hindered/unhindered] by the restrictions제한[제약] of government.” For Smith, laissez-faire was a program for the [foundation/abolition] of laws constraining제한[제약]하다 the market.

5. The Great Depression and Market Failure 대공황과 시장실패



The Great Depression and Market Failure are the definitive historical event and theoretical background that shifted the course of modern economics from the "invisible hand" (laissez-faire capitalism) to "active government [intervention/interference]" (Keynesian economics). The Great Depression was the largest economic asset [collide/collapse] and

[prolonged/shortened] recession경기 침체기 in history, triggered by the Wall Street Crash of 1929 in New York and [devastating/devastated] the entire global economy throughout the 1930s. At the time, capitalism firmly believed in laissez-faire doctrine and Say's Law—which states that "supply creates its own demand"—and trusted that the government should not [intervene/interfere]. [Likewise/However], the Great Depression utterly shattered산산이 부서지다 this belief. It served as the most massive real-world manifestation나타남/출현 of [market/government] failure in human history, [proving/proved] that a laissez-faire market cannot always heal itself and can fail completely. According to Adam Smith's theory, the market should find its [optimal/optical] equilibrium naturally through the "invisible hand" (the law of price) if [leaving/left] alone. In reality, [therefore/however], various factors can cause this mechanism to [function/malfunction]. Ultimately, experiencing the massive market failure of the Great Depression forced modern economics to evolve into managed capitalism (a mixed economic system), [which/where] the government acts as a market [monopolist/regulator] through taxation and fiscal policy재정정책.