

Democratic capitalism and individual liberty

[Business](#)



Free trade was one of the reasons colonists decided to declare independence. Thomas Paine in *Common Sense* argued North America was a “natural manufactory” where laying out money to build a navy was paramount because it would protect commerce (Paine 36). Thus, free trade and individualism go hand in hand with each other but when businesses are not allowed to fail, the result is socialism.

When Alexis de Tocqueville toured the U. S. in the 1830s he was impressed with Americans’ industriousness. However, de Tocqueville also saw problems of having slaves as part of a southern workforce. The white Ohioan, as de Tocqueville put it, “is obliged to exist by his own exertions” while the “Kentuckian scorns . . . labour [and] lives in an idle independence” (Casper & Davies 117). As the nation grew, laws, such as the abolition of slavery in 1865 and the Sherman Anti-Trust Act in 1892, promoted individualism and fair play in business.

The recent government bailout did not promote individualism and goes directly against Smith’s idea that when regulations are “completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord” (Burton & Dworkin 145). Allowing the business to fail is the natural order of supply and demand. When businesses are not allowed to fail but propped up with a supply of government money, the system is no longer individualistic but socialistic.