Capitalism - The New Economic System of the United States

Adam Smith is often called a "capitalist" for his work in 1776, *An Inquiry into the Nature and Causes of the Wealth of Nations* (or simply known as the *Wealth of Nations*). However the term "capitalism" was not used by Smith. It did not appear until 1854 when it was used in a novel written by William Makepeace Thackeray.

Capitalism – the condition of possessing capital; the position of a capitalist; a system which favors the existence of capitalists.

Capitalist – one who has accumulated capital; one who has capital available for employment in financial or industrial enterprises.

(The Oxford English Dictionary)

What is needed for Capitalism to exist?
- Private property ownership
- Individuals and companies are allowed to compete for their own economic gain
- Free market forces determine the prices of goods and services
- The separation of church and state and business activities
- Markets are efficient and should function without interference
- The role of the state is to regulate and protect.

With the birth of the United States by European colonists, capitalism became attractive. It allowed goods and services to be freely exchanged. More people could choose their own occupations and start their own businesses.

As American began to expand westward, capitalism enabled people to buy and sell land. People were encouraged to work to gain property and to improve their economic status.

Some key questions to think about regarding early capitalism in America

Did capitalism hurt the development of the United States as it focused more on the individual than on common good?

Looking back on American history, should there be more government control over capitalism or were people like Rockefeller, Carnegie and Morgan justified in their successes?

The Protestant Reformation leader John Calvin saw wealth as a sign of God's grace. Do you believe this is a true statement about American society today?

Source: *We the People, the Citizen & the Constitution*