

The Philosophies of Industrialists

U.S. History & Government

Document A: Adam Smith's Laissez-Faire Philosophy

“Adam Smith was among the first to make a clear and convincing case that when individuals follow their own self-interest, it automatically works to the benefit of society as a whole. As individual competitors pursue their own maximum profit, they are all thus forced to be more efficient. This results in cheaper goods and services is thus to be encouraged; government intervention serves only to make operations less efficient and is thus to be avoided. The same principles apply to international trade. There should be a minimum of government interference in the way of duties, quotas, and tariffs. Smith’s classical argument in support of free trade.”

-Gerald F. Cavanagh, *American Business Values in Transition* (1976)

1. How would it be possible for self-interest to result in something beneficial for society as a whole? Give a specific example. _____

2. According to Smith’s theory of laissez-faire economics, how should the government behave?

Document B: Herbert Spencer's Social Darwinism

“Herbert Spencer (1820-1903) proposed a harsh ‘survival of the fittest’ philosophy. The bright and able contribute most to society, and so are to be encouraged and rewarded. The poor, the weak, and the handicapped demand more than they contribute, and so should not be supported but rather allowed to die a natural death. Contact with harsh and demanding reality is a maturing experience that should not be diluted by well-intentioned but in reality destructive charities and handouts. If ‘natural’ principles were followed, evolution and the survival of the fittest in the competition of human life would be the result. Spencer did not set out to examine any particular society and its values; rather, his critique was proposed as ‘culture-free.’ According to Spencer, it applied to all people for it was derived from basic, organic principles of growth and development. Spencer applied to society the same principles that Charles Darwin saw in biological life- hence the name, Social Darwinism.”

-Gerald F. Cavanagh, *American Business Values in Transition* (1976)

1. Explain Spencer’s theory of “Social Darwinism” in your own words.

2. How could this theory be applied to different social classes and races?

