Ideologies of the Industrial Revolution

Subtitle
Essential Question

- What were capitalism, socialism, and communism?
The Age of “isms”

- The sweeping social, economic, political, and cultural changes caused by the Industrial Revolution created dozens of new ideologies.

- Most important among them were political and economic ideologies of Capitalism, Socialism, and Communism.

- These ideologies formed the basis for modern systems of government and political thought, shaping the 19th and 20th centuries and beyond.
Economic Terms Crash Course

- **Means of Production**: Physical, non-human inputs used to create economic value
  - Ex. Factories, machinery, natural resources

- **Market Economy**: Economy and pricing controlled by factors of supply and demand
  - **Supply**: How much of a good there is on the market
  - **Demand**: How much the market wants of a good

- **Command Economy**: Economy and pricing controlled by the government or ruling body
Capitalism
Capitalism

- **Definition:** Economic system and ideology based on private ownership of means of production
- Emphasizes trade, innovation, and growth of private business
- **Market Economy**
  - Prices set by the owners of means of production based on the demands of the population
- Capitalism becomes the guided system of the Industrial Revolution – “The Age of Capitalism”
- Supporters of pure capitalism are against interference by the government
  - Believe the market should take its course naturally
Adam Smith, *The Wealth of Nations* (1776)

- Scottish writer and economist
- Considered the founding father of modern capitalism
- Core ideas:
  - **The Invisible Hand**: Unintended social, political, and economic benefits of encouraging individual self-interested actions
  - **Laissez-faire**: “Free Trade.” The idea that for economies to grow trade needs to be unrestricted – encouragement of competition
  - **Division of Labor**: Leads to more productivity through specialization
Benefits of Capitalism

- Competition leads to **technological and social innovation**
- Core to the expansion of the **middle class**
- Competition also leads to a **variety of good** which allows access at different price points to different people
- Generates tremendous individual wealth which can be **invested** into new industries, jobs, research, etc.
- **Rewards** individual skill, business sense, and calculated risk taking
Dangers of Capitalism

- Capitalism inherently creates “losers”
- **Monopolies, Collusion, and Price Fixing**
- **Concentration of wealth** in the hands of a few who “out compete” others
- **Lack of regard for workers**, working conditions, safety
- **Mass Consumerism**
- Need for more resources and capital which leads to **environmental destruction, imperialism, and exploitation**
Capitalism in Quotes

- “The propensity to truck, barter and exchange one thing for another is common to all men, and to be found in no other race of animals.” – Adam Smith

- “The real tragedy of the poor is the poverty of their aspirations.” – Adam Smith

- “There can be no rise in the value of labour without a fall of profits” – David Ricardo, British Economist

- “The exchangeable value of all commodities, rises as the difficulties of their production increase.” – David Ricardo, British Economist
Socialism
Socialism

- **Definition:** Economic system based on social ownership and democratic control of means of production
- Developed in opposition to issues created by industrial capitalism including mass poverty, filth, illness, worker exploitation, and imperialism
- A broad term that refers to a variety of movements
- Common Features:
  - Government control of certain industries
  - Elements of price fixing/control
  - Workers’ Rights policies (minimum wage, fixed hours, healthcare)
  - Tends to overlap with other social movements (women’s rights, abolition, environmentalism, etc.)
Forms of Socialism

- Most socialist movements were democratic, wanting to create gradual change over time working within the government – “Democratic Socialism”
  - Most European countries today

- Socialists did not necessarily oppose all aspects of capitalism, but believed it needed to be modified or restrained

- However, revolutionary socialist movements were also common – “Revolutionary Socialism”
  - Believed the government and social order had to be violently torn down
  - Most famous example is Communism
Communism
Communism

- **Definition:** Economic, political and social system based on common ownership of means of production and a lack of social classes, money, and state.

- A form of Revolutionary Socialism that argued that industrial society and the middle class (bourgeoisie) were corrupt and needed to be torn down

- The revolution needed to be led by urban industrial workers, called the proletariat, who would create a utopian, equal society
Karl Marx, *The Communist Manifesto* (1848)

- A German-Jewish philosopher, historian, and economist
- Known as the “father of communism”
- Core Ideas:
  - Believed human history and its problems – slavery, poverty, oppression – were products of **class conflict**
  - **Capitalism** inherently unequal and exploitative
  - **Destruction** of social class, money, governments, and national borders
  - Saw socio-political features like **democracy, nationalism and religion** as means of the **rich controlling the poor**
  - Inevitably, the clash between classes would lead to a **revolution of the proletariat** and creation of a communist society
“The oppressed are allowed once every few years to decide which particular representatives of the oppressing class are to represent and repress them.” - Karl Marx

“The last capitalist we hang shall be the one who sold us the rope.” –Karl Marx

“Let the ruling classes tremble at a Communistic revolution. The proletarians have nothing to lose but their chains. They have a world to win. Workers of the world, unite!” –Karl Marx

Religion is the sigh of the oppressed creature, the heart of a heartless world, and the soul of soulless conditions. It is the opiate of the masses.” –Karl Marx
Closing: Essential Question

- What were capitalism, socialism, and communism?