

Name \_\_\_\_\_ Date \_\_\_\_\_ Day \_\_\_\_\_ Period \_\_\_\_\_

# Competing Socio-Economic Theories

Quaestio: \_\_\_\_\_

## It Began With Coal and Capital

- **Factors of Production** = \_\_\_\_\_ (resources) \_\_\_\_\_ (workers) \_\_\_\_\_ (money)
- Abundant in Britain, \_\_\_\_\_ began to be used as a cheap fuel to replace wood
- The \_\_\_\_\_ engine was developed to pump water out of flooded mines, but once improved by James Watt in 1765, it became the new way of generating power, and it ran on coal. \_\_\_\_\_, also plentiful in Britain, was required to build the machine, as well as many more that would come.
- Steam power went on to power factory machinery, steam-powered trains (Richard Trevithick, 1802), and \_\_\_\_\_ (Robert \_\_\_\_\_, 1807)
- However, Britain also had abundance of **capital**, or money for \_\_\_\_\_, thanks to \_\_\_\_\_ wealth generated from exploiting its \_\_\_\_\_ possessions
- By the mid-1800s, other nations were industrializing, especially \_\_\_\_\_ and \_\_\_\_\_

## Changes to Labor Disrupt Society

- Industrialization led to \_\_\_\_\_, or the growth of cities, due to peasant farmers leaving their land and moving to cities to work in factories and coal mines
- Traditional economic institutions like \_\_\_\_\_, which trained artisans to produce specialized goods, and \_\_\_\_\_, which employed peasants to produce textiles at home, became \_\_\_\_\_ (outdated, useless), unable to compete with the productivity of factories
- Working conditions in factories were dangerous and \_\_\_\_\_, requiring long hours for little pay
- Mine workers had even worse conditions
  - worked in \_\_\_\_\_ with coal dust in their lungs
  - faced dangers of flooding, \_\_\_\_\_, or explosion
  - young children hauled coal carts strapped to their waists causing permanent deformities
- Living conditions in rapidly growing \_\_\_\_\_ cities were literally out of control
  - \_\_\_\_\_, overcrowded and dirty areas of cities, became homes to the poor and jobless
  - Many lived in one-room \_\_\_\_\_, poorly constructed apartments without running water or sewage systems
  - **Pollution** from factories and mines as well as from garbage and \_\_\_\_\_ contaminated \_\_\_\_\_ and spread disease

## The Appeal of Capitalism

- **Capitalism:** Economic philosophy developed in the \_\_\_\_\_ to challenge mercantilism
- Instead of high \_\_\_\_\_ to encourage export over import, Capitalists believed \_\_\_\_\_ was best
- **Adam Smith:** Father of Capitalism, wrote in *The Wealth of Nations* about the “\_\_\_\_\_” of economics, which should be left alone to work naturally as the “\_\_\_\_\_ **hand**” of the market
  - the law of self-interest: People work for their own good.
  - the law of competition: Competition forces people to make a better product.
  - the law of supply and demand: Enough supply of goods would be produced at the lowest possible price to meet demand in a market economy.
- In other words, if producers had to compete against each other for business, they would have to keep \_\_\_\_\_ high and \_\_\_\_\_ low, which benefitted the \_\_\_\_\_

## The Appeal of Socialism

- The “Laissez Faire” (\_\_\_\_\_) approach of Free Market Capitalism predicted benefit for the producer and the consumer, but failed to consider the \_\_\_\_\_ who was exploited by the producer
  - Pay low wages to keep prices \_\_\_\_\_
  - Demand longer \_\_\_\_\_ to increase production
  - Oppose labor organization and regulation to protect \_\_\_\_\_
- Socialism denounced Capitalism for creating such conditions, and insisted on change
  - Emphasized \_\_\_\_\_ and cooperation instead of dominance and exploitation
  - Believed that the factors of production should be owned collectively by the \_\_\_\_\_
  - Thought that the \_\_\_\_\_ should control the economy rather than the invisible hand
  - Advocated extending the right to \_\_\_\_\_ to more people in society
  - Moderate Socialists called for \_\_\_\_\_, **Communists** called for \_\_\_\_\_