

Day 44

Aim: How did economic systems develop over time and how can we view this development as being cyclical?

Get Going:
Rapid
Capitalism
Review



Competing Socio-Economic Theories

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artisans to produce specialized goods, and _____, which employed peasants to produce textiles at home, became _____ (outdated, useless), unable to compete with the productivity of factories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

This is leading to...

SOCIALISM

A social-economic system in which the factors of production and property are owned by the public and operate for the welfare of all.



The Appeal of Capitalism

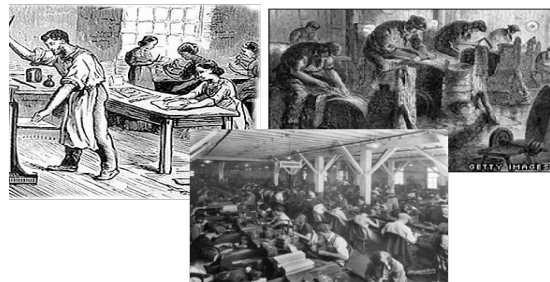
- **Capitalism:** Economic philosophy developed in the _____ to challenge mercantilism
- Instead of high _____ to encourage export over import, Capitalists believed _____ was best
- **Adam Smith:** Father of Capitalism, wrote in *The Wealth of Nations* about the "_____ of economics, which should be left 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 _____

Socialism grew out of an optimistic view of human nature, a belief in progress, and a concern for social justice. Socialists argued that the government should plan the economy rather than depend on free-market capitalism to do the job. They argued that government control of factories, mines, railroads, and other key industries would end poverty and promote equality. Public ownership, they believed, would help workers, who were at the mercy of their employers.



This term "public" means "the state" or a governing body!

Development of the "factory culture"



Stereotype of the Factory Owner

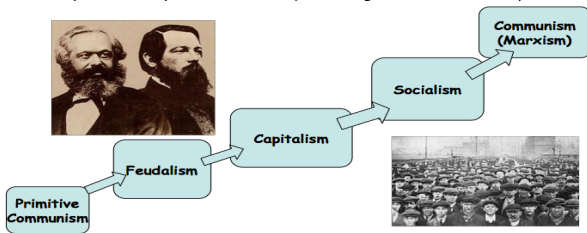


“Upstairs / Downstairs” Life



What is Marx / Engels' theories?

- Marx and Engels studied the history of the world's economies and the way that power, industry and finance are controlled.
- They saw the way countries developed in stages over world history



What is Primitive Communism?



- This is how humans first lived together – in small tribes.
- Everything was shared amongst the tribe – food, jobs, belongings. No-one owned land.
- Eventually a group comes to power – this leads to Feudalism...

Primitive Communism

What is Feudalism?



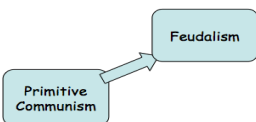
•Under feudalism, a king or emperor or chief becomes the ruler over all the people.



•He gives land and privileges to 'nobles' who rule the people for him.

•The people are kept uneducated and told that God chose the king to rule. The church helps the king this way.

•As trade develops, some people get richer. This leads to Capitalism.....



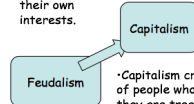
What is Capitalism?



•The business owners or capitalists get richer while the workers do all the hard work.



•The capitalists get more power to serve their own interests.



•Capitalism creates a huge working-class of people who soon get angry at the way they are treated.

•Eventually they begin to demand changes. This will lead to a revolution and Socialism...

What is Socialism?



-The workers take control of the country to produce things for everyone.

-Because nothing is made for profit, all people benefit from education and health.



-These ideas spread across the world to create Communism....

-In the Socialist revolution all the rulers - kings, churches, capitalists are got rid of.



The Game- Rock, Paper, Scissors