

19th Century Development of ECONOMIC SYSTEMS

SOCIALISM

General term for the belief that wealth and ownership of property should be more equally shared and distributed among people in society and there should be more concern for the general welfare.
Socialists believe that the government should be involved in actively planning the economy

Develops as a reaction to the negative effects of the Industrial Revolution.

LAISSEZ-FAIRE CAPITALISM

Opposition to government involvement in the economy or the lives of the workers

ADAM SMITH
"Wealth of Nations"

THOMAS MALTHUS
"Essay on Population"

DAVID RICCARDO
"Iron Law of Wages"

JEREMY BENTHAM

"UTILITARIANISM"

Believed that individuals should be free to pursue their own interests without interference from the government **BUT** Believed that things should be based on and judged by their usefulness to society. Government responsibility should be to promote the **"greatest good for the greatest number of people."**

JOHN STUART MILL

Questioned the effects that unregulated laissez faire capitalism was having on society. Called upon government to do away with the great differences in wealth that existed in society

Called for Societal Reforms:

- Decrease gap in wealth
- Increase right to vote—suffrage
- More education
- Prison reform

EDUARD BERNSTEIN "EVOLUTIONARY SOCIALISM"

Develops in the late 1800's as a re-thinking of Marx's ideas about violent revolution. **INSTEAD ...** societal changes and greater equality can be achieved through the established political process
DEVELOPMENT OF SOCIALIST POLITICAL PARTIES

ROBERT OWEN "UTOPIAN SOCIALISM"

Believed that **COOPERATION** Between owners and workers is the key to shared wealth
MODEL FACTORY TOWNS
New Lanarck, Scotland
New Harmony, Indiana

"What's good for the worker, would in turn be good for the employer"

Wages were actually fairly low, BUT ...

- 10 Hour workday
- Water power = No pollution
- Good housing—low rents
- Company stores sell items for low prices
- No child labor under 10 years old

KARL MARX "SCIENTIFIC SOCIALISM"

Believed that sharing of wealth would occur only through **VIOLENT REVOLUTION**
Rich will only give up wealth by force!

