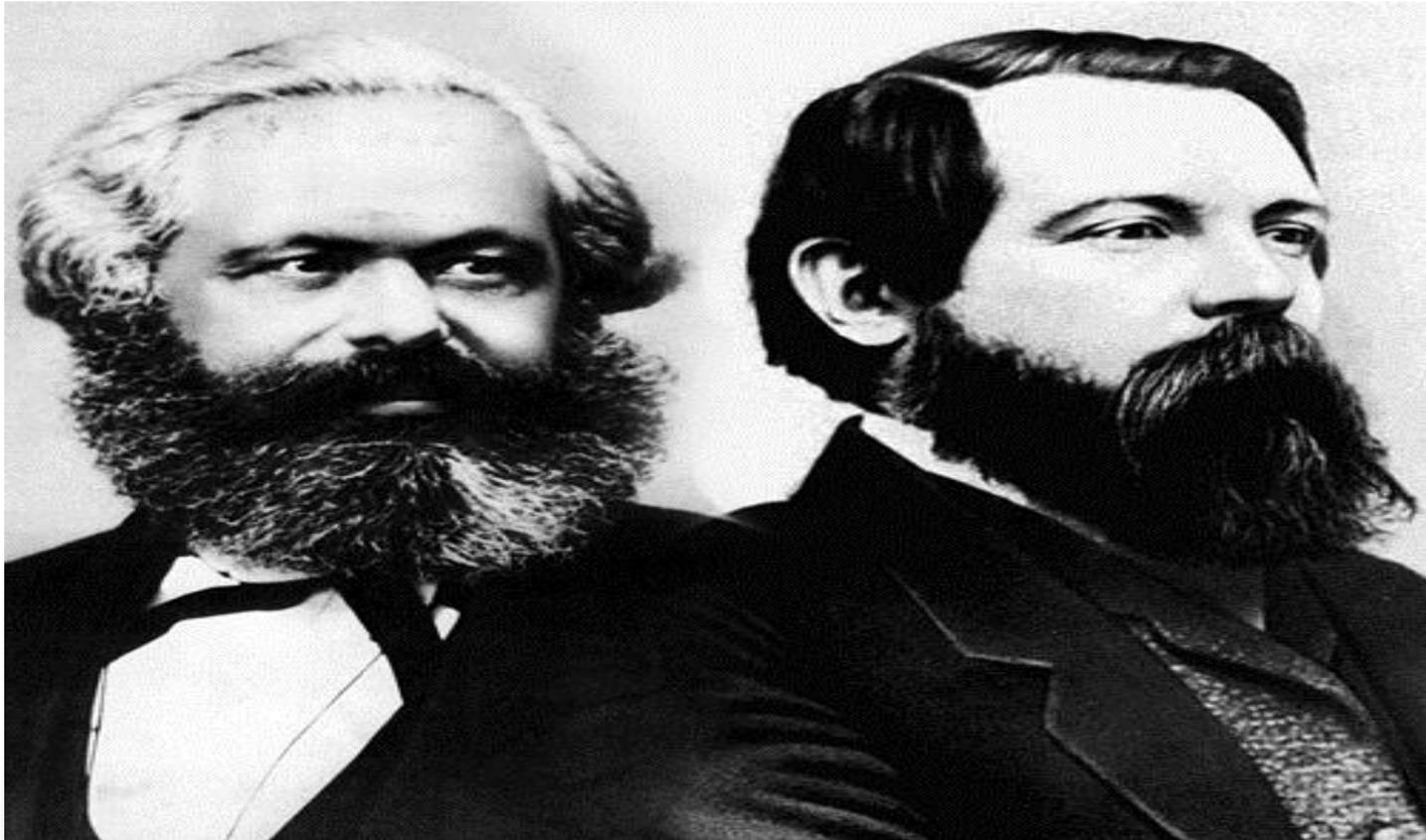


# Lesson 4

## Reforming the Industrial World



**Karl Marx**

**Friedrich Engels**

- **The Big Idea**

- The Industrial Revolution led to economic, social, and political reforms.

- **Why It Matters Today**

- Many modern social welfare programs developed during this period of reform.

# Setting the Stage

- In industrialized countries in the 19<sup>th</sup> century (1800S), the Industrial Revolution opened a wide gap between the rich and the poor. Business leaders believed that governments should stay out of economic affairs. Reformers, however, felt that governments needed to play an active role to improve conditions for the poor. Workers also demanded more rights and protection. They formed labor unions to increase their influence.

# #7

# Key Terms

1. laissez faire
2. capitalism
3. utilitarianism
4. socialism
5. communism
6. anarchism
7. union
8. strike

# Hungarian workers meet to plan their strategy before a strike



# #8a

<b>The Economic Philosophers</b>	<b>What were the basic ideas of each philosopher?</b>
1. Adam Smith	
2. Thomas Malthus	
3. David Ricardo	

# #8b

<b>The Social Reformers</b>	<b>How did each reformer try to correct the ills of industrialization?</b>
4. John Stuart Mill	
5. Robert Owen	
6. Charles Fourier and Henri de Saint-Simon	
7. Karl Marx and Friedrich Engels	
8. William Wilberforce	
9. Jane Adams	
10. Horace Mann	

# Capitalism, Socialism, and Communism

- The economic system called **capitalism** developed gradually over centuries, beginning in the late Middle Ages.
- Because of the ways industrialization changed society, some people began to think that capitalism led to certain problems, such as the abuse of workers.
- They responded by developing a new system of economic ideas called **socialism**.
- **Communism** was an even more radical form of socialism.

# Walter Crane, The Capitalist Vampire 1903



# Capitalism

1. Individuals and businesses own property and the means of production.
2. Progress results when individuals follow their own self-interest (*“pursuit of happiness”*).
3. Government should not interfere in the economy because competition creates efficiency in business. Businesses follow their own self-interest by competing for the consumer’s money. Each business tries to produce goods or services that are better and less expensive than those of competitors.
4. Consumers compete to buy the best goods at the lowest prices. This competition shapes the market by affecting what businesses are able to sell.
5. Capitalism emerged in England out of growth of that country’s thriving, industrialized textile industry.

# Socialism

1. The public, in the form of the state, should own property and the means of production.
2. Progress results when a community of producers cooperate for the good of all.
3. Socialists believe that capitalist employers take advantage of workers. The community or state must act to protect the workers.
4. Capitalism creates unequal distribution of wealth and material goods. A better system is to distribute goods according to each person's needs.
5. Socialism thrived in France, where French thinkers expanded on optimistic Enlightenment ideals.

# Communism

1. A community of workers controls the government, and the government controls the economy.
2. Progress results when capitalism collapses and the people govern themselves. If capitalism is allowed to grow, eventually workers sink into poverty.
3. Communists seek to create a society based on cooperation and equal distribution of wealth.
4. A communist society is one that exists without class division (no lower, middle, upper classes).
5. Communism first developed in Germany, where Marx and Engels criticized capitalism as it existed during the Industrial Revolution.