

NEW WAYS OF THINKING

- I. Thomas Malthus
 - a. 1798 – *Essay on the Principle of Population*
 - i. argued that population grow faster than food supply
- II. Laissez-Faire Economics
 - a. Physiocrats – natural laws should govern market, therefore, no government interference
 - i. Laissez-faire – “hands off” approach
 - b. Legacy of Adam Smith
 - i. Smith believe free market would help everyone, not just rich
 - ii. Produce more goods at lower prices
 - iii. Success would encourage reinvestment
 - 1. EXAMPLE – Ronald Reagan Voodoo economics, tax breaks to rich etc
 - c. Malthus on population
 - i. Argued population would outpace food supply
 - ii. Checks on population growth
 - 1. war, disease, famine
 - iii. Solution
 - 1. urged fewer children
 - iv. What happened
 - 1. food supply grew faster than population
 - 2. worries of Malthus didn’t occur in Western World
 - v. CONSIDER – famines in Ethiopia, Somalia today, what is different between west and areas with these problems?
 - d. Ricardo on wages
 - i. David Ricardo – British economist
 - ii. “iron law of wages”
 - 1. wages high, so families have more kids, kids increase labor supply therefore reduce wages and increase unemployment
 - iii. didn’t believe the working class would ever get out of poverty
 - iv. Ricardo and Malthus did NOT believe in government involvement
 - 1. poor help self with hard work, and reduce size of family
- III. The Utilitarians
 - a. Utilitarianism – goal of society – greatest happiness for greatest number
 - b. Jeremy Bentham was leader of Utilitarians
 - c. Laws judged on whether they increase pleasure of society
 - d. Believed in individual rights and government intervention
 - e. John Stuart Mill
 - i. Argued free market favor strong over weak
 - ii. Want government to help working class
 - iii. Want women to vote
 - iv. Reform in child labor laws and public health
 - f. Most ideas rejected at time but were adopted in later generations

- IV. Emergence of Socialism
 - a. Socialism – people as a whole own and operate the means of production
 - b. Criticize industrial capitalism which causes a gap between rich and poor
 - c. Inspired by enlightenment ideas of social justice
 - d. Believed society should operate for benefit of people
 - e. Utopians
 - i. Built self sufficient communities where all work was shared and all property community owned.
 - ii. Eliminate divisions of wealth, therefore eliminate cause of conflict
 - f. Robert Owens
 - i. Utopian, built factory and homes in good conditions, treated employees well, tried to prove that you could make profit and treat people well
- V. Scientific Socialism of Karl Marx
 - a. Marx (German) thought Utopians were unrealistic
 - b. Marx and Friedrich Engels become partners
 - c. Communism – form of socialism that sees conflict between employers and employees as inevitable
 - i. *Communist Manifesto* – written by Marx and Engels 1848
 - d. Marxism
 - i. Economics is driving force in history
 - ii. Struggle between haves and have nots
 - 1. haves – control means of production therefore control wealth
 - a. are the bourgeoisie – middle class
 - 2. have nots – proletariat (working class)
 - a. working class
 - b. NOTE – French revolution, bourgeoisie and sans coulottes were on same side – third estate, Marx splits them. Notice doesn't mention the 1st and 2nd estates – traditional wealth – it is only about economic, manufacturing and trade strength
 - iii. Eventually proletariat would win and take over means of production and set up a classless society where wealth and power are shared equally
 - iv. Called for international struggle to bring down capitalism
 - e. Impact
 - i. Eventually socialist and Marxist parties emerge throughout Western Europe
 - ii. Russian Revolution 1917 set up communist government
 - iii. Many revolutions around world were inspired by Marxist ideas
 - f. Weaknesses
 - i. Believed conditions would get worse, but they improved for working class by 1900 so his ideas lost some popularity
 - ii. Nationalism proved stronger than class identity so there were no international movements

