


An Era of Reform



Chapter 25 Section Four

Conflicting Views

- # Business leaders in industrialized countries believed that government should stay out of big business and economics
- # Reformers believed that government should play an active role in making life better for the poor.

Laissez Faire

- # Laissez Faire is an economic policy that allows the owners of business and industry to set working conditions for their factories without government interference
- # French Laissez Faire economists believed in free trade- the free flow of commerce in the world market without government interference
- # French economic philosophers argued that if the government allowed free trade the economy would prosper

Adam Smith

- # Adam Smith-professor of the University of Glasgow -Scotland wrote Wealth of Nations in 1776
- # In Smith's book he defended the idea of free markets writing that economic liberty guarantees economic progress.
- # Thomas Malthus and David Ricardo supported Smith's basic ideas
- # Malthus and Ricardo believed that natural laws governed economic life

Thomas Malthus

- # Malthus- wrote an Essay on the Principle of Population in 1798
- # He argued that population tended to increase more rapidly than food supply
- # He wrote that without wars and epidemics to kill off the extra people most people would become poor and miserable.

David Ricardo

- # Ricardo was a wealthy stockbroker who took Malthus' theory one step further
- # Wrote Principles of Political Economy and Taxation in 1817
- # Ricardo wrote that a permanent underclass would always be poor. In a market system if there are many workers and abundant resources then labor and resources are cheap but if there are few workers and scarce resources then they are expensive.
- # Ricardo believed that wages would be driven down as population increased.

Jeremy Bentham

- # Some economic theorists believed that governments should intervene on behalf of the lower class.
- # They believed that wealthy people and the government had an obligation to take action to improve the lives of poor people.
- # Jeremy Bentham argue that people should judge ideas, institutions and actions on the basis of their usefulness- Utilitarianism
- # Bentham argued that the government should try to promote the greatest good for the greatest number of people

John Stuart Mill

- # John Stuart Mill led the utilitarian movement in the 1800's.
- # Believed it was wrong that workers should lead deprived lives that sometimes bordered on starvation
- # Mill wanted to help ordinary working people with policies that would lead to a more equal division of profits.
- # He called for the government to do away with great differences in wealth

Robert Owen

- # British factory owner Robert Owen was shocked by the misery and poverty of the working class
- # He set out to improve working conditions for his own employees.
- # Near his cotton mill in Scotland he built houses which he rented to his workers for low rates
- # He prohibited children under age 10 from working in the mills
- # He provided free schooling for the children

New Harmony Indiana/Utopia

- # 1824-Robert Owen traveled to the U.S. and founded cooperative community in New Harmony Indiana.
- # He intended the community to be a utopia or perfect living place
- # New Harmony only lasted three years.

Socialism

- # French reformers Charles Fourier and Saint-Simon followed a new economic philosophy called socialism
- # In socialism the factors of production are owned by the public and operated for the welfare of all.
- # Socialists argue that the government should actively plan the economy rather than depending on the free market to do the job.
- # Socialists believe that if the government controlled factories, mines, RR's etc. then they could abolish poverty and promote equality

Marxism/Communism

- # German journalist Karl Marx introduced the world to a radical type of socialism called Marxism
- # Marx and Fredrich Engels outlined the ideas of Marxism in a 23 page pamphlet called the Communist Manifesto
- # In the Manifesto Marx and Engels argue that human societies have always been divided into warring classes, the workers called the proletariat -vs- the employers or bourgeoisie
- # The proletariat performed backbreaking labor under terrible conditions and the wealthy controlled the means of production
- # This situation resulted in conflict

Conflict between proletariat and bourgeoisie

- # According to Marx and Engel the industrial revolution had enriched the wealthy and impoverished the poor.
- # Marx and Engel predicted that the workers would overthrow the factory owners seize the factories, and produce what society needed.
- # Workers would share in profits and would gain economic equality then the workers would gain control of the government in the “dictatorship of the proletariat”
- # After a period of cooperative living and education the government would wither away and a classless society would develop
- # Marx called this final phase pure communism

communism

- # Communism-a form of complete socialism in which the means of production would be owned by the people and private property would cease to exist
- # Goods and services would be shared equally

Impact of the Communist Manifesto

- # Published in 1848 the Communist Manifesto produced few short term results
- # Widespread revolts shook Europe in 1848-1849
- # The leaders of Europe were able to put down the uprisings
- # After 1900 Marxism inspired revolutionaries like Lenin in Russia, Mao in China, Ho Chi Minh in Vietnam and Castro in Cuba.

Unions

- # By the 1800's working people became more active in politics.
- # To push for reforms workers joined together in voluntary associations called unions
- # A union spoke for all workers in a particular trade and engaged in collective bargaining.
- # If factory owners refused the demands of unions for higher pay and better working conditions the unions could strike or refuse to work
- # Skilled workers led the way in forming unions because their special skills gave them bargaining power.
- # Early unions helped lower middle class workers more than they did the poorest workers.

Unions in Great Britain

- # In Britain unions were against the law because the government saw unions as a threat to social order and stability
- # The Combination Acts of 1799 and 1800 outlawed unions and strikes
- # Factory workers ignored the threat of jail or job loss and joined unions anyway
- # Parliament repealed the Combination Acts in 1824
- # By 1875 British unions had won the right to strike and picket peacefully and had built up a membership of over one million people

Unions in the United States

- # In the U.S. skilled workers began to form unions in the early 1800's
- # 1886- several unions joined together to form the organization that would become the American Federation of Labor or AFL
- # A series of successful strikes won the members of the AFL higher wages and shorter hours.

Reform in Great Britain

- # 1832- Parliament set up a committee to investigate child labor
- # Parliament passed the Factory Act of 1833 making it illegal to hire children under 9 years old. Children 9-12 could not work more than 8 hr. days and 13-17 not more than 12 hr. days.
- # The Mines Act prevented women and children from working underground.
- # 1847 Parliament passed the 10 Hours Act limiting the workday for women and children to 10 hours

Reform in the United States

- # 1904- the National Child Labor Committee was formed to end child labor
- # The Committee argued that child labor lowered wages for all workers.
- # Labor unions agreed and joined the reformers
- # Together they pressured national and state politicians to ban child labor and set maximum working hours

William Wilberforce

- # Wm. Wilberforce was a member of Parliament who led the fight in Great Britain to end the slave trade and slavery in the British Empire
- # Parliament passed a bill to end the slave trade in the British West Indies in 1807 and by 1833 slavery was abolished in the entire British Empire.
- # British antislavery activists had mixed motives some were morally against slavery others simply saw slave labor as an economic threat.
- # Industrialists supported cheap labor rather than slave labor.

Reforms for women

- # The industrial revolution was a mixed blessing for women.
- # Factory work paid better than being at home but women factory workers made only about 1/3 as much as men
- # During the mid 1800's women formed unions
- # Women like Jane Addams ran settlement houses -community centers that served poor residents in slum neighborhoods.
- # Women activists around the world joined the International Council for Women

Reforms in Education

- # Horace Mann of the United States favored free public education for all children
- # By the 1850's many states were starting to establish a system of public schools