

Standard 10.3.6 Analyze the emergence of capitalism as a dominant economic pattern and the responses to it, including Utopianism, Social Democracy, Socialism, and Communism.

New Economic and Social Theories

Various thinkers of the day attempted to understand and interpret the dramatic changes brought about by the Industrial Revolution. They responded with a wide range of explanations and solutions, as the documents below illustrate.

Document A

“As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can...By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention...every individual it is evident, can, in his local situation, judge much better than any statesman or lawgiver can do for him.”

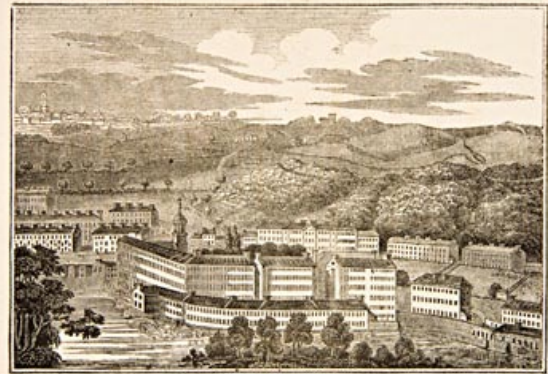
-From *The Wealth of Nations* by Adam Smith, 1776

Document B

“In those characters which now exhibit crime, the fault is obviously not in the individual, but the defects proceed from the system in which the individual was trained. Withdraw those circumstances which tend to create crime in the human character, and crime will not be created. Replace them with such as are calculated from habits of order, regularity, temperance, industry; and these qualities will be formed...Proceed systematically on principles of undeviating preserving kindness, yet retaining and using, with the least possible severity, the means of restraining crime from immediately injuring society, and by degrees even the crimes now existing in adults will also gradually disappear...”

-From *A New View of Society* by Robert Owens, 1816

Document C



New Lanark.

New Lanark Mills, Scotland

Document D

“...The power of population is indefinitely greater than the power in the earth to produce subsistence for man. Population, when unchecked, increased in a geometrical ratio. Subsistence increases only in an arithmetical ratio. A slight acquaintance with numbers will show the immensity of the first power in comparison of the second...No fancied equality, no agrarian regulations in their utmost extent, could remove the pressure of it even for a single century. And it appears, therefore, to be decisive against the possible existence of a society, all the members of which should live in ease, happiness, and comparative leisure; and feel no anxiety about providing the means of subsistence for themselves and families. Consequently, if the premises are just, the argument is conclusive against the perfectibility of the mass of mankind.”

-From *An Essay on the Principle of Population 1798* by Thomas Malthus

1. According to Adam Smith in Document A, individuals promote the good of society because of
 - a. High ideals.
 - b. Self-interest.
 - c. Government pressure.
 - d. Religion.
2. How did Robert Owen explain the fact that some people become criminals?
 - a. The invisible hand of fate
 - b. Struggles between the ruling class and the oppressed.
 - c. The influence of problems in society.
 - d. The power of population over production
3. Thomas Malthus argued that a society where all individuals enjoy happiness, comfort, and pleasure is?
 - a. Only possible with increased agricultural output.
 - b. Impossible because of the base nature of human greed.
 - c. Impossible because of the pressures of population.
 - d. Possible when people are treated decently and fairly.
4. Suppose you were working in Britain in the year 1840. Which of the above economic philosophies would you support? Remember to identify your occupation and social class. Use your knowledge of the Industrial Revolution and the documents above to support your opinion.