**World Studies – Capitalism Crash Course Notes**

*Unit 2, Industrial Revolution*

Name:

Date:

Period:

**Capitalism (and Socialism)**

**capitalism** - economic system (though also a social system) characterized by innovation and investment to increase wealth

* Also cultural system, rooted in the need of private investors to turn a profit

**production** – in economics, the creation of value; the act of creation/manufacture

**industrial capitalism** – an economic system that relies on the investment in machines and technology that are used to increase production of marketable goods

* Developed first in Britain in the 19th century
  + Dominant power on the seas
  + Traded with colonies
  + English Civil War
    - Ended regulations (couldn’t enforce regulations)
  + Prices for food increased – farmers motivated grow more crops

**up-front costs** – money you put into a business initially in hopes of gaining greater profits later

**fewer farmers needed**:

1520 – 80 percent farming

1850 – 25 percent farming

**enclosure movement** - privatize fields… impoverished tenant farmers who lost way to earn a living

**capitalist values** – taking a risks, making upfront costs, human participants in a market as rational actors

* people are both consumers and producers (which is a good thing)
* the main spur to trade, or rather to industry and ingenuity, is the exorbitant appetite of men which they will take pain to gratify

**labor unions** -

**socialism** – imperfect opposite to capitalism (human choice and human planning) – 2 types (both originated in France)

* utopian socialism
* revolutionary socialism (closer to communism)
  + violent revolution necessary
  + Karl Marx – “bearded marxist” (father or communism)
    - Class **struggle** – the struggle is what makes the classes
      * Workers (just had labor) and capitalists (owned land and capital to start factories)
      * People are social animals
      * Believed in protecting the collective interests of people
    - Das Kapital – most significant work

industrial capitalism = the victor in the United States

* we regulate capitalism with socialist policies (the degree to which it is done varies from country to country)