



## Industrial Revolution Capitalism and Socialism

W. 16 Compare and contrast the rise of the following economic theories as a result of industrialization: capitalism, communism, and socialism.



# Capitalism

- What is Capitalism?
  - Economic system based on private ownership of means of production.
  - Operation of business for profit.
  - Owners of wealth make decisions regarding economics.
  - Prices, services, and goods distribution decided by demand and competition.

# Consequences of Industrialization

- Rapid Urbanization
  - Cities grew with little planning.
  - Infrastructure couldn't keep up.
  - Cities became dangerous (high crime) and filthy (no sanitation, trash, etc.)
- No protections for workers
  - Low wages
  - Poor conditions in factories
  - Chance of injury and loss of jobs

# Consequences of Industrialization

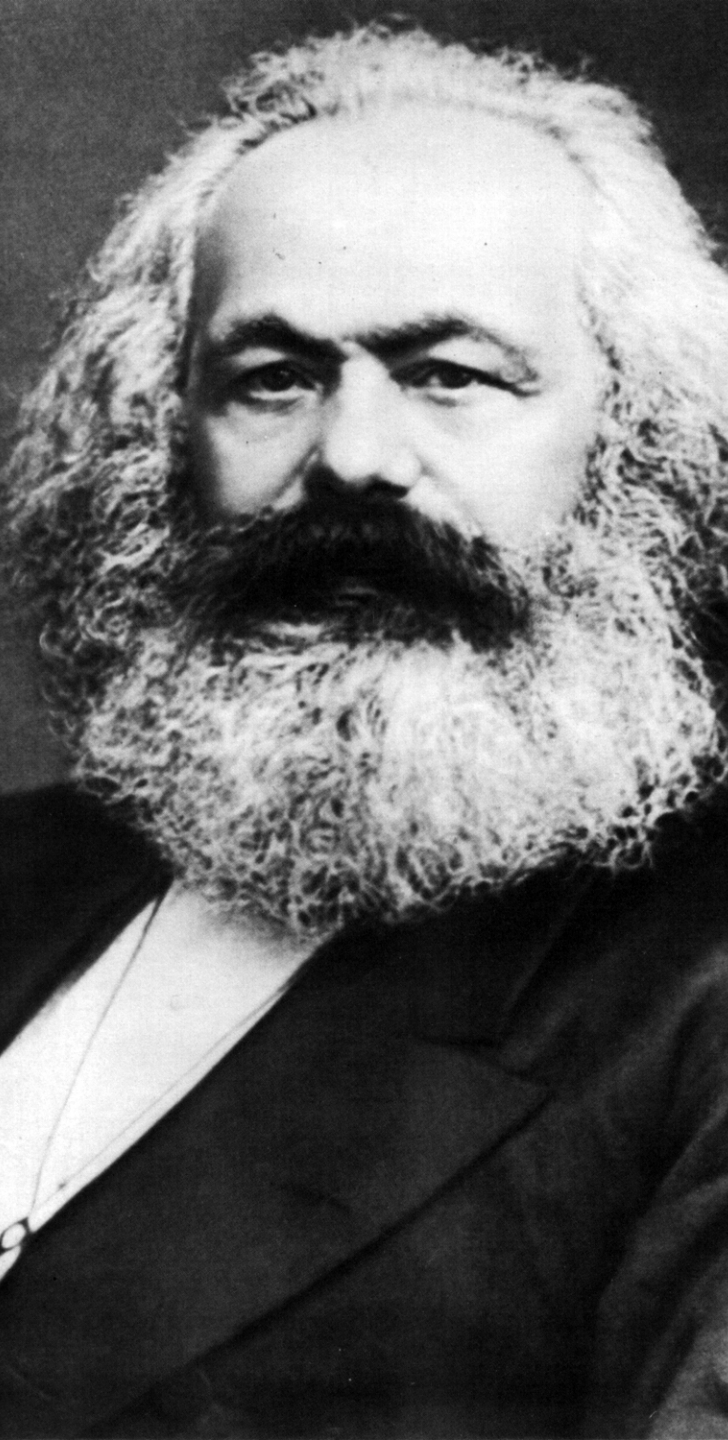
- New Social Classes
  - Industrial capitalism
  - Industrial middle class
    - those who built the factories, bought the machines, developed markets
  - Industrial working class
    - Wretched working conditions
    - No security of employment

# Consequences of Industrialization

- Early Socialism
  - Socialism = system in which society, usually in the form of the government, owns and controls the means of production
  - Very idealistic
  - Utopian Socialism = people would show natural goodness when in a cooperative environment

# Consequences of Industrialization

- Socialism
  - System in which society, usually in the form of the government, owns and controls the means of production
  - No private ownership.
  - Workers control decisions.



# Consequences of Industrialization

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- Marxism
  - Type of Socialism
  - Tenets and philosophy outlined in the Communist Manifesto
  - Based on theory of a “history of class struggle”
  - Violent overthrow of the middle class.
  - No more classes (social levels not school classes)
  - No one would own means of production.
  - Government would be replaced by economic and social cooperation.
  - Family and religious institutions dismantled.
  - Each individual would find fulfillment.

# Communism

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- What is Communism?
  - a political theory
  - Extreme form of Socialism
  - Came from Karl Marx
  - Advocates class war
  - Leads to a society in which all property is publicly owned.
  - Each person works and is paid according to their abilities and needs.
  - No political freedom





# Communism

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- Examples
  - Soviet Union (1922-1991)
    - Massive purges
    - No political freedom
    - Totalitarian
    - Authoritarian
    - Famines



# Communism

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- Examples
  - People's Republic of China (1949-present)
    - Massive purges
    - No political freedom
    - Totalitarian
    - Authoritarian
    - Famines

