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An Age of Reforms

TERMS & NAMES

- laissez faire
- Adam Smith
- capitalism
- utilitarianism
- socialism
- Karl Marx
- communism
- union
- collective bargaining
- strike

MAIN IDEA

The Industrial Revolution led to economic, social, and political reforms.

WHY IT MATTERS NOW

Many modern social welfare programs developed during this period.

SETTING THE STAGE In industrialized countries in the 1800s, many business leaders believed that progress opened a gap between rich and poor. These leaders cautioned governments to stay out of business and economic affairs. Reformers, however, felt that governments should play an active role in bettering conditions for the poor.

The Philosophers of Industrialization

The term **laissez faire** (LEHS-ay-FAIR) refers to the economic policy of letting owners of industry and business set working conditions without interference. That policy favors a free market unregulated by the government. The term comes from a French phrase that means “let do,” and by extension, “let people do as they please.”

Laissez-faire Economics Laissez faire stemmed from French economic philosophers of the 18th-century Enlightenment. They criticized the idea that nations grow wealthy by placing heavy tariffs on foreign goods. In fact, they argued, government regulations only interfered with the production of wealth. These philosophers believed that if the government allowed free trade—the flow of commerce in the world market without government regulation—the economy would prosper.

Adam Smith, a professor at the University of Glasgow, Scotland, defended the idea of a free economy, or free markets, in his 1776 book *The Wealth of Nations*. According to Smith, economic liberty guaranteed economic progress. Smith claimed that government need not interfere in the economy.

The Ideas of Malthus and Ricardo Economists Thomas Malthus and David Ricardo supported Smith’s basic ideas. Like Smith, they believed that natural laws governed economic life. Their important ideas were the foundation of laissez-faire capitalism. **Capitalism** is an economic system in which money is invested in business ventures with the goal of making a profit. These ideas helped bring about the Industrial Revolution.

In *An Essay on the Principle of Population*, written in 1798, Thomas Malthus argued that population tended to increase more rapidly than the food supply. Without wars and epidemics to kill off the extra people, most were destined to be poor and miserable. The predictions of Malthus seemed to be coming true in the 1840s.

David Ricardo, a wealthy stockbroker, took Malthus’s theory one step further in his book, *Principles of Political Economy and Taxation* (1817). Like Malthus, Ricardo believed 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. If there

Background

Ricardo stated the “iron law of wages.” He argued that because of population growth wages would be just high enough to keep workers from starving.

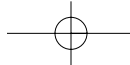
HISTORY MAKERS



Adam Smith
1723–1790

In his book *The Wealth of Nations*, Smith argued that if individuals freely followed their own self-interest, the world would be an orderly and progressive place. After all, sellers made money by producing things that other people wanted to buy. Buyers spent money for the things they wanted most. In such a marketplace, Smith thought, social harmony would result without any government direction, “as if by an invisible hand.” Smith’s ideas were central to the development of capitalism.

Smith applied an invisible hand of his own. When the economist died, people discovered that he had secretly donated large chunks of his income to charities.



are few workers and scarce resources, then they are expensive. Ricardo believed that wages would be forced down as population increased.

Laissez-faire thinkers such as Smith, Malthus, and Ricardo opposed government efforts to help poor workers. They thought that creating minimum wage laws and better working conditions would upset the free market system, lower profits, and undermine the production of wealth in society.

Rise of Socialism

In contrast to laissez-faire philosophy, which advised governments to leave business alone, other theorists believed that governments should intervene. These thinkers believed that wealthy people or the government must take action to improve people's lives. The French writer Alexis de Tocqueville gave a warning:

A VOICE FROM THE PAST

Consider what is happening among the working classes. . . . Do you not see spreading among them, little by little, opinions and ideas that aim not to overturn such and such a ministry, or such laws, or such a government, but society itself, to shake it to the foundations upon which it now rests?

ALEXIS DE TOCQUEVILLE, 1848 speech



Jeremy Bentham's skeleton, dressed in Bentham's clothes and topped off by a wax head, is preserved in a wooden cabinet at University College, London.

Utilitarianism Modifying the ideas of Adam Smith, an English philosopher named Jeremy Bentham introduced the philosophy of **utilitarianism**. Bentham wrote his most influential works in the late 1700s. He argued that people should judge ideas, institutions, and actions on the basis of their utility, or usefulness. He argued that the government should try to promote the greatest good for the greatest number of people. A government policy was only useful if it promoted this goal. Bentham argued that in general the individual should be free to pursue his or her own advantage without interference from the state.

John Stuart Mill, a philosopher and economist, led the utilitarian movement in the 1800s. Mill came to question unregulated capitalism. He believed it was wrong that workers should lead deprived lives that sometimes bordered on starvation. Mill wished to help ordinary working people with policies that would lead to a more equal division of profits. He also favored a cooperative system of agriculture and women's rights, including the right to vote. Mill called for the government to do away with great differences in wealth. Utilitarians also pushed for reforms in the legal and prison systems and in education.

Utopian Ideas Other reformers took an even more active approach. Shocked by the misery and poverty of the working class, a British factory owner named Robert Owen improved working conditions for his employees. Near his cotton mill in New Lanark, Scotland, Owen built houses, which he rented at low rates. He prohibited children under ten from working in the mills and provided free schooling.

Then, in 1824, he traveled to the United States. He founded a cooperative community in New Harmony, Indiana, in 1825. He intended this community to be a utopia, or perfect living place. New Harmony only lasted three years. However, it inspired the founding of other communities.

Socialism and Marxism French reformers such as Charles Fourier (FUR-ee-AY), Saint-Simon (san see-MOHN), and others sought to offset the effects of industrialization with a new kind of economic system called socialism. In **socialism**, the factors of production are owned by the public and operate for the welfare of all. Socialism grew out of an optimistic view of human nature, a belief in progress, and a concern for social justice.

THINK THROUGH HISTORY

A. Making Inferences

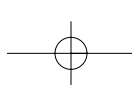
Economics came to be called the "dismal [gloomy] science," in part because of the ideas of Malthus and Ricardo. Why might their ideas have earned this phrase?

THINK THROUGH HISTORY

B. Clarifying How did Mill want to change the economic system?

Background

The word *utopia* comes from the name for an imaginary island in a book of the same name written by Sir Thomas More. It means "no place" in Greek. More's *Utopia* (1516) is a political essay that discusses life under an ideal government.



Socialists argued that the government should actively plan the economy rather than depending on free-market capitalism to do the job. They argued that government control of factories, mines, railroads, and other key industries would abolish poverty and promote equality. Public ownership, they believed, would help the workers, who were at the mercy of greedy employers.

The Communist Manifesto The writings of a German journalist named **Karl Marx** introduced the world to a radical type of socialism called Marxism. Marx and Friedrich Engels, a German whose father owned a textile mill in Manchester, outlined their ideas in a 23-page pamphlet called *The Communist Manifesto*. In their manifesto, Marx and Engels argued that human societies have always been divided into warring classes. In their own time, these were the middle-class “haves” or employers, called the bourgeoisie (BUR-zhwah-ZEE), and the “have-nots” or workers, called the proletariat (PROH-lih-TAIR-ee-ih). While the wealthy controlled the means of producing goods, the poor performed backbreaking labor under terrible conditions. This situation resulted in conflict:

A VOICE FROM THE PAST

Freeman and slave, patrician and plebeian, lord and serf, guild-master and journeyman, in a word, oppressor and oppressed, stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight, a fight that each time ended, either in a revolutionary reconstitution of society at large, or in the common ruin of the contending classes.

KARL MARX AND FRIEDRICH ENGELS, *The Communist Manifesto* (1848)

According to Marx and Engels, the Industrial Revolution had enriched the wealthy and impoverished the poor. The two writers predicted that the workers would overthrow the owners: “The proletarians have nothing to lose but their chains. They have a world to win. Workingmen of all countries, unite.”

The Future According to Marx Marx believed that the capitalist system, which produced the Industrial Revolution, would eventually destroy itself in the following way. Factories would drive small artisans out of business, leaving a small number of manufacturers to control all the wealth. The large proletariat would revolt, seize the factories and mills from the capitalists, and produce what society needed. Workers, sharing in the profits, would bring about economic equality for all people. The workers would control the government in a “dictatorship of the proletariat.” After a period of cooperative living and education, the state or government would wither away as a classless society developed.

Marx called this final phase pure communism. Marx described **communism** as a form of complete socialism in which the means of production—all land, mines, factories, railroads, and businesses—would be owned by the people. Private property would in effect cease to exist. All goods and services would be shared equally.

Published in 1848, *The Communist Manifesto* produced few short-term results. Though widespread revolts shook Europe during 1848 and 1849, Europe’s leaders eventually put down the uprisings. Only after the turn of the century did the fiery Marxist pamphlet produce explosive results. In the 1900s, Marxism inspired revolutionaries such as Russia’s Lenin, China’s Mao Zedong, Vietnam’s Ho Chi Minh, and Cuba’s Fidel Castro. These revolutionary leaders adapted Marx’s beliefs and arguments to their own specific situations and needs.

In their pamphlet, Marx and Engels condemned the inequalities of early industrial economies. Yet several of Marx’s and Engels’s predictions have since proved wrong.

HISTORY MAKERS



Karl Marx
1818–1883

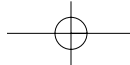
Karl Marx studied philosophy at the University of Berlin before he turned to journalism and economics. In 1849, Marx joined the flood of radicals who fled continental Europe for England. He had declared in *The Communist Manifesto* that “the working men have no country.”

Marx’s theories of socialism and the inevitable revolt of the working class made him very little money. He earned a meager living as a journalist. His wealthy coauthor and fellow German, Friedrich Engels, gave Marx financial aid.

THINK THROUGH HISTORY

C. Summarizing

What were the ideas of Marx and Engels concerning relations between the owners and the working class?



Capitalism vs. Marxism

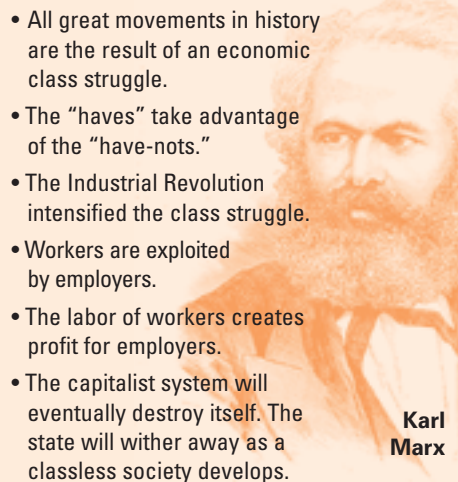
Capitalist Ideas



Adam
Smith

- Progress results when individuals follow their own self-interest.
- Businesses follow their own self-interest when they compete with one another for the consumer's money.
- Each producer tries to provide goods and services that are better and less expensive than those of competitors.
- Consumers compete with one another to purchase the best goods at the lowest prices.
- Market economy aims to produce the best products and the lowest prices.
- Government should not interfere in the economy.

Marxist Ideas



Karl
Marx

- All great movements in history are the result of an economic class struggle.
- The "haves" take advantage of the "have-nots."
- The Industrial Revolution intensified the class struggle.
- Workers are exploited by employers.
- The labor of workers creates profit for employers.
- The capitalist system will eventually destroy itself. The state will wither away as a classless society develops.

SKILLBUILDER: Interpreting Charts

1. Which ideas of Marxism seem to be a direct reaction to the Industrial Revolution?
2. Which system of ideas seems dominant in the world today? Support your opinion.

They believed that economic forces alone dominated society. Time has shown, however, that religion, nationalism, ethnic loyalties, and a desire for democratic reforms may be as strong influences on history as economic forces. In addition, the gap between the rich and poor within the industrialized countries failed to widen in the way that Marx and Engels predicted, mostly because of the following types of reform.

Unionization and Legislative Reform

Factory workers faced long hours, dirty and dangerous working conditions, and the threat of being laid off. By the 1800s, working people became more active in politics. To press for reforms, workers joined together in voluntary associations called **unions**.

The Union Movement A union spoke for all the workers in a particular trade. Unions engaged in **collective bargaining**—negotiations between workers and their employers. They bargained for better working conditions and higher pay. If factory owners refused these demands, union members could **strike**, or refuse to work.

Skilled workers led the way in forming unions because their special skills gave them extra bargaining power. Management would have trouble replacing such skilled workers as carpenters, printers, and spinners. Thus the earliest unions helped the lower middle class more than they helped the poorest workers.

The union movement underwent slow, painful growth in both Great Britain and the United States. For years, the British government denied workers the right to form unions. The government saw unions as a threat to social order and stability. Indeed, the Combination Acts of 1799 and 1800 outlawed unions and strikes. Bravely ignoring the threat of jail or job loss, factory workers joined unions anyway. Parliament finally repealed the Combination Acts in 1824. After 1825, the British government unhappily tolerated unions.

British unions had shared goals of raising wages and improving working conditions. By 1875, British trade unions had won the right to strike and picket peacefully. They had also built up a membership of about 1 million people.

In the United States, skilled workers had belonged to unions since the early 1800s. In 1886, several unions joined together to form the organization that would become the

American Federation of Labor (AFL). A series of successful strikes won AFL members higher wages and shorter hours.

Reform Laws In both Great Britain and the United States, new laws reformed some of the worst abuses of industrialization. In 1832, for example, Parliament set up a committee to investigate child labor. As a result of this committee's findings, Parliament passed the Factory Act of 1833. The new law made it illegal to hire children under 9 years old. Children from the ages of 9 to 12 could not work more than 8 hours a day. Young people from 13 to 17 could not work more than 12 hours. In 1842 the Mines Act prevented women and children from working underground.

In 1847, the Parliament passed a bill that helped working women as well as their children. The Ten Hours Act of 1847 limited the workday to ten hours for women and children who worked in factories.

Reformers in the United States also passed legislation to protect child workers. In 1904, a group of progressive reformers organized the National Child Labor Committee to end child labor. Arguing that child labor lowered wages for all workers, labor union members joined the reformers. Together these groups pressured national and state politicians to ban child labor and set maximum working hours. The Supreme Court in 1919 had objected to a federal child labor law. However, it did allow individual states to legally limit the working hours of women and, later, of men.

THINK THROUGH HISTORY

D. Summarizing

What were some of the important reform bills passed in Britain during this period?



This print shows an attack on the workhouse, a prison in which limited sentences at manual labor are served. The attack took place in Stockport, England, during demonstrations by workers in the 1830s. The workers are shown distributing bread from the workhouse.

Other Reform Movements

Almost from the beginning, reform movements sprang up in response to the negative impact of industrialization. These reforms included improving the workplace and extending the right to vote to working-class men. The same impulse toward reform, along with the ideals of the French Revolution, also helped to end slavery and promote new rights for women and children.

Abolition of Slavery William Wilberforce, a highly religious man, was a member of Parliament who led the fight for abolition—the end of 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. After he retired from Parliament in 1825, Wilberforce continued his fight to free the slaves. Britain finally abolished slavery in its empire in 1833.

British antislavery activists had mixed motives. Some were morally against slavery, such as the abolitionist William Wilberforce. Others viewed slave labor as an economic threat. Furthermore, a new class of industrialists developed who supported cheap labor rather than slave labor. They soon gained power in Parliament.

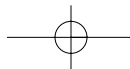
In the United States the movement to fulfill the promise of the Declaration of Independence by ending slavery grew in the early 1800s. The enslavement of African people finally ended in the United States when the Union won the Civil War in 1865.

With the end of the U.S. Civil War, enslavement persisted in the Americas only in Puerto Rico, Cuba, and Brazil. In Puerto Rico, slavery was ended in 1873. Spain finally abolished slavery in its Cuban colony in 1886. Not until 1888 did Brazil's huge enslaved population win freedom.

THINK THROUGH HISTORY

E. Summarizing

What were some of the motives of British abolitionists?



HISTORY MAKERS



Jane Addams
1860–1935

After graduating from college, Jane Addams wondered what to do with her life.

I gradually became convinced that it would be a good thing to rent a house in a part of the city where many primitive and actual needs are found, in which young women who had been given over too exclusively to study, might . . . learn of life from life itself.

Addams and her friend Ellen Starr set up Hull House in a working-class district in Chicago. Eventually the facilities included a nursery, a gym, a kitchen, and a boarding house for working women. Hull House not only served the immigrant population of the neighborhood, it also trained social workers.

Women Fight for Change The Industrial Revolution proved a mixed blessing for women. On the one hand, factory work offered higher wages than work done at home. Women spinners in Manchester, for example, earned much more money than women who stayed home to spin cotton thread. On the other hand, women factory workers usually made only one-third as much money as men.

Women led reform movements to address this and other pressing social issues. During the mid-1800s, for example, women formed unions in the trades where they dominated. In Britain, some women served as safety inspectors in factories where other women worked. In the United States, college-educated women like Jane Addams ran settlement houses. These community centers served the poor residents of slum neighborhoods.

In both the United States and Britain, women who had rallied for the abolition of slavery began to wonder why their own rights should be denied on the basis of gender. The movement for women's rights began in the United States as early as 1848. Women activists around the world joined to found the International Council for Women in 1888. Delegates and observers from 27 countries attended the council's 1899 meeting.

Reforms Spread to Many Areas of Life In the United States and Western Europe, reformers tried to correct the problems troubling the newly industrialized nations. Public education and prison reform ranked high on the reformers' lists.

One of the most prominent U.S. reformers, Horace Mann of Massachusetts, favored free public education for all children. Mann, who spent his own childhood working at hard labor, warned, "If we do not prepare children to become good citizens . . . if we do not enrich their minds with knowledge, then our republic must go down to destruction." By the 1850s many states were starting to establish a system of public schools. In Western Europe, free public schooling became available in the late 1800s.

In 1831, French writer Alexis de Tocqueville had contrasted the brutal conditions in American prisons to the "extended liberty" of American society. Reformers took on the challenge of prison reform, emphasizing the goal of restoring prisoners to useful lives.

During the 1800s, democracy grew in the industrialized countries even as foreign expansion increased. The industrialized western democracies faced new challenges both at home and abroad. You will learn about these challenges in Chapter 10.

THINK THROUGH HISTORY

F. Making

Inferences Why might women abolitionists have headed the movement for women's rights?

Section 4 Assessment

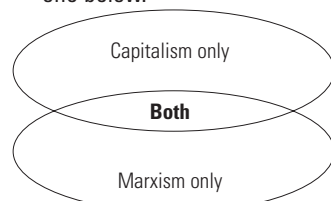
1. TERMS & NAMES

Identify

- laissez faire
- Adam Smith
- capitalism
- utilitarianism
- socialism
- Karl Marx
- communism
- union
- collective bargaining
- strike

2. TAKING NOTES

Compare capitalism with Marxism using a Venn diagram such as the one below.



Write a paragraph comparing and contrasting capitalism and Marxism.

3. IDENTIFYING PROBLEMS

What were the main problems faced by the unions during the 1800s? How did the unions overcome these problems?

THINK ABOUT

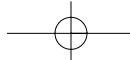
- government restrictions
- labor reforms
- skilled workers vs. unskilled workers

4. ANALYZING THEMES

Economics According to Marx and Engels, economic forces alone dominate society. How important do you think such forces are? Support your opinion using evidence from this and previous chapters.

THINK ABOUT

- other forces, like ethnic loyalties, desire for democracy
- causes of the Industrial Revolution
- the class structure



different PERSPECTIVES

Industrialization

Industrialization eventually lifted the standard of living for many people in Europe and North America in the 1800s. Yet the process also brought suffering to countless workers who crowded into filthy cities to toil for starvation wages. The following excerpts reveal a variety of perspectives on this major historical event.

TESTIMONY

Ellison Jack

An 11-year-old girl who worked in the mines testified before a Parliamentary commission on child labor in 1842.

I have been working below three years on my father's account; he takes me down at two in the morning, and I come up at one and two next afternoon. I go to bed at six at night to be ready for work next morning. . . . I have to bear my burthen [burden] up four traps, or ladders, before I get to the main road which leads to the pit bottom. My task is four or five tubs. . . . I fill five tubs in twenty journeys.

I have had the strap [beating] when I did not do my bidding. Am very glad when my task is wrought, as it sore fatigues.

LETTER

Mary Paul

Mary Paul worked in a textile factory in Lowell, Massachusetts. In an 1846 letter to her father in New Hampshire, the 16-year-old expressed her satisfaction with her situation at Lowell.

I am at work in a spinning room tending four sides of warp which is one girl's work. The overseer tells me that he never had a girl get along better than I do. . . . I have a very good boarding place, have enough to eat. . . . The girls are all kind and obliging. . . . I think that the factory is the best place for me and if any girl wants employment, I advise them to come to Lowell.

BOOK

Andrew Carnegie



In his autobiography, published in 1920, the multimillionaire industrialist views with optimism the growth of American industry.

America is soon to change from being the dearest steel

manufacturing country to the cheapest. Already the shipyards of Belfast are our customers. This is but the beginning. Under present conditions America can produce steel as cheaply as any other land, notwithstanding its higher-priced labor. There is no other labor so cheap as the dearest in the mechanical field, provided it is free, contented, zealous, and reaping reward as it renders service. And here America leads.

One great advantage which America will have in competing in the markets of the world is that her manufacturers will have the best home market. Upon this they can depend for a return upon capital, and the surplus product can be exported with advantage, even when the prices received for it do no more than cover actual cost, provided the exports be charged with their proportion of all expenses. The nation that has the best home market, especially if products are standardized, as ours are, can soon outsell the foreign producer.

BOOK

Friedrich Engels



Friedrich Engels, who managed a textile factory in Manchester, England, spent his nights wandering the city's slums.

Nobody troubles about the poor as they struggle helplessly in the whirlpool of modern industrial life. The

working man may be lucky enough to find employment, if by his labor he can enrich some member of the middle classes. But his wages are so low that they hardly keep body and soul together. If he cannot find work, he can steal, unless he is afraid of the police; or he can go hungry and then the police will see to it that he will die of hunger in such a way as not to disturb the equanimity of the middle classes.

Connect to History

Contrasting Contrast two different points of view on the Industrial Revolution. Why do you think the viewpoints differ?



SEE SKILLBUILDER HANDBOOK, PAGE 87

Connect to Today

Researching Find a modern view of industrialization in an editorial cartoon, a poem, an excerpt from a novel, or a photograph. Bring it to class and explain its point of view.



CD-ROM

For another perspective on the Industrial Revolution, see World History: Electronic Library of Primary Sources.