Economic Systems and Government

**Economic system** = an organized way of providing for the wants and needs of people

1. What should be produced?
2. How much should be produced?
3. How should goods and services be produced?
4. Who should get the goods and services that are produced?

**common elements:**

- PRODUCTION
- DECISIONS
Economic Systems and Government

Possessions were held communally in prehistoric times.

Private property developed in Neolithic times and required the development of a barter system.
Ancient city-states, kingdoms, and empires relied on barter to provide natural resources that could not be found locally. Barter was controlled by the leader of the government.
The invention of coins aided the classical empires of Greece and Rome develop widespread trade routes throughout the Mediterranean region.

Complex economic systems were developed to maximize profits.
Economic Systems and Government

Fall of the Roman Empire
Germanic invasions
Political fragmentation
9th century invasions
Reliance on local institutions
Political system
Feudalism
Economic Systems and Government

Reliance on local institutions

Economic System
Manor System

Self sufficient landed estates controlled by nobility
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government

Crusades
- Ideas and products

Trade routes
- Products and point of sale locations
Economic Systems and Government

Business practices

• Partnerships
• Money changing
• Banking
Economic Systems and Government

Revival of towns

• charter
• middle class
• guilds
Economic Systems and Government

Capitalism

“Free Enterprise/Market Economy”

Characteristics:

• Private ownership and control of property and economic resources
• Free enterprise
• Competition among businesses
• Freedom of choice
• Possibility of profits
Economic Systems and Government

Capitalism
“Free Enterprise/Market Economy”

**Strengths:**

- Adjusts to change gradually
- Individual freedom for everyone
- Notable lack of government interference
- Decentralized decision making
- Incredible variety of goods and services
- High degree of customer satisfaction
Economic Systems and Government

Capitalism
“Free Enterprise/Market Economy”

Weaknesses:

• Rewards only productive resources—many people are too young, too old, or too sick to work
• Must guard against market failures—Great Depression
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government

Wool = Clothing = Textiles
Economic Systems and Government

Cloth = a fabric made of fibers, such as wool, cotton, or rayon

Requirements:

1. Raw materials = wool
2. Processes: Sorting, carding, spinning, weaving, cleaning, bleaching, nap raised and cropped, stretching, dyed, and sold
3. Manufactured into clothing
Economic Systems and Government thread
Economic Systems and Government

weaving
<table>
<thead>
<tr>
<th>cloth merchant</th>
<th>buys wool</th>
<th>- £ 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>sells wool to</td>
<td>weaver</td>
<td>+ £ 8</td>
</tr>
<tr>
<td></td>
<td>sorts, cards, spins, and weaves wool with help of wife and children</td>
<td></td>
</tr>
<tr>
<td>cloth merchant</td>
<td>buys back unfinished cloth</td>
<td>weaver nets £2</td>
</tr>
<tr>
<td>sells cloth to</td>
<td>fuller</td>
<td>+ £12</td>
</tr>
<tr>
<td></td>
<td>cleans, bleaches, raises the nap, crops, and stretches cloth</td>
<td></td>
</tr>
<tr>
<td>cloth merchant</td>
<td>buys back finished cloth</td>
<td>fuller nets £2</td>
</tr>
<tr>
<td>sells cloth to</td>
<td>dyer</td>
<td>+ £16</td>
</tr>
<tr>
<td>cloth merchant</td>
<td>buys back dyed cloth</td>
<td>dyer nets £2</td>
</tr>
<tr>
<td>sells cloth to</td>
<td>agent</td>
<td>+ £30</td>
</tr>
<tr>
<td></td>
<td>takes cloth to trade fair, sells cloth to customer for £40</td>
<td></td>
</tr>
<tr>
<td></td>
<td>agent nets £10</td>
<td></td>
</tr>
<tr>
<td>cloth merchant</td>
<td>nets</td>
<td>+£17</td>
</tr>
</tbody>
</table>
Economic Systems and Government

shuttle
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
**RULES TO BE OBSERVED By the Hands Employed in THIS MILL.**

*Rule 1. All the Overlookers shall be on the premises first and last.*

2. *Any Person coming too late shall be fined as follows:* for 3 minutes 2d, 10 minutes 4d, and 15 minutes 6d, etc.

3. *For any breakers found on the floor 1d for each Bobbin.*

4. *For single Drawing, Hacking, or Running 2d for each single end.*

5. *For Waste on the floor 2d.*

6. *For any Oil wasted or spilled on the floor 2d each offender, besides paying for the value of the Oil.*

7. *For any broken Bobbin, they shall be paid for according to their value,* and if there is any difficulty in ascertaining the guilty party, the same shall be paid for by the whole using such Bobbin.

8. *Any person neglecting to Oil at the proper times shall be fined 2d.*

9. *Any person leaving their Work, and finishing it with any of the other workpeople shall be fined 2d for each offender.*

10. *For every oath or insolent language, 3d for the first offender,* and if repeated they shall be dismissed.

11. *The Machinery shall be swept and cleaned down every morning.*

12. *All persons in our employ shall serve a Four Weeks’ Notice before leaving their employ; but L. WHITAKER & SONS, shall and will serve any person off without notice being given.*

13. *If two persons are known to be in our Necessary together they shall be fined 3d each; and if any Man or Boy go into the Women’s Necessary he shall be instantly dismissed.*

14. *Any persons wilfully or negligently breaking the Machinery, damaging the Breaker, making too much Waste, &c., they shall pay for the same in full value.*

15. *Any person tampering with anything on the Gas Plants will be fined 2d.*

16. *The Masters would recommend that all their workpeople Wash themselves every morning, but they shall Wash themselves at least twice a week, Monday Morning and Thursday Morning; and any found not washed will be fined 2d for each offence.*

17. *The格riders, Drawers, Hackers and Reveres shall sweep at least eight times in the day as follows:* in the Morning at 7*, 9*, 11 and 12; and in the Afternoon at 1*, 3*, 5*, and 7*, and at that time the breakers shall be turned so that the water will sweep it, and only quarter of an hour will be allowed for sweeping. The Spinners shall sweep as follows, in the Morning at 7*, 10 and 12; in the Afternoon at 3* and 5*, and any neglecting to sweep the time will be fined 2d for each offence.

18. *Any persons found away from their usual place of work, except for necessary purposes, or Talking with any one out of their own Alley will be fined 2d for each offence.*

19. *All persons not attending this Notice will be dismissed.*

*The Overlookers are strictly enjoined to attend to these Rules, and they will be responsible to the Masters for the Workpeople observing them.*

WATER-FOOT MILL, NEAR HASLINGDEN, SEPTEMBER, 1831.

J. READ, Printer, and Bookbinder, Haslingden.

---

**TIME TABLE OF THE LOWELL MILLS,**

Arranged to make the working time throughout the year average 11 hours per day.

TO TAKE EFFECT SEPTEMBER 21st, 1853.

The Standard time being that of the meridian of Lowell, as shown by the Regulator Clock of AMOS SANBORN, Post Office Corner, Central Street.

### FROM MARCH 20th TO SEPTEMBER 19th, INCLUSIVE.

**COMMENCE WORK** at 5.30 A.M.; LEAVE OFF WORK, at 6.30 P.M., except on Saturday Evenings.

**BREAKFAST** at 8 A.M.; **DINNER,** at 12 M. Commence Work after Dinner, 12.45 P.M.

### FROM SEPTEMBER 20th TO MARCH 19th, INCLUSIVE.

**COMMENCE WORK** at 6.30 A.M.; LEAVE OFF WORK, at 7.00 P.M., except on Saturday Evenings.

**BREAKFAST** at 5.30 A.M.; **DINNER,** at 12.30 P.M. Commence Work after Dinner, 1.15 P.M.

---

**BELLS**

- **Morning Bells:**
  - First Bell: 8.30 A.M.
  - Dinner Bell: 8.45 A.M.
  - Evening Bell: 8.50 A.M.

- **Saturday Evening Bells**
  - First Bell: 8.30 A.M.
  - Dinner Bell: 8.45 A.M.
  - Evening Bell: 8.50 A.M.

---

**YARD GATES** will be opened at the first stroke of the bells for entering or leaving the Mills.

**SPEED GATES** commence hoisting three minutes before commencing work.
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government

Karl Marx

Friederich Engels
Economic Systems and Government

Characteristics:

1. Economic view of history

class struggle with bourgeoisie (owners of the means of production) exploiting the masses of proletariat (workers)

Marx

Engels
Economic Systems and Government

Characteristics:

2. Marx's Application to European History:

Feudalism - creates bourgeoisie
   |  Capitalism
Capitalism - creates proletariat
   |  Will create Socialism

Marx

Engels
3. Labor theory of value:

+ cost of raw material
+ costs of production
+ value of labor
= product value

Surplus value (profit) of product should belong to the workers
Economic Systems and Government

4. Dedication to revolution-- the working class would become so large and so poor that revolution would be inevitable

result: socialism, a new workers’ state where people contributed according to their ability and received according to their need

5. Dictatorship of the proletariat--government itself would become unnecessary and give way to a new stateless society
Economic Systems and Government
Economic Systems and Government

Socialism

**Characteristics:**

- Public ownership of the basic means of production
- Government determines the use of limited resources
- Government distributes the products and wages
- Government provides social services—education, health care welfare
Economic Systems and Government

Socialism

Goals:

• Distribution of wealth and economic opportunity equally among people
• Society control through government decisions over production
• Public ownership of most land, factories, and other means of production
Economic Systems and Government

Socialism

Strengths:

• Answers directly *Who should get* the goods and services produced

• Citizens use voting power to influence representatives making *what, how much, how, and who should get* decisions—democratic socialism
Economic Systems and Government

Socialism

**Weaknesses:**

- Less efficient drives up the cost of production
- Price system influence reduced by government decisions
- Special interest influence in excess of their population numbers
# Economic Systems and Government

**DEMOCRATIC SOCIALISM**
- Australia
- Austria
- Finland
- France
- Greece
- Israel
- Italy
- New Zealand
- Portugal
- Spain
- Sweden

**THIRD WORLD SOCIALISM**
- Algeria
- Angola
- Barbados
- Benin
- Burkina Faso
- Burma (Myanmar)
- Burundi
- Cape Verde
- Congo
- Costa Rica
- Curaçao
- Democratic Republic of Congo (Zaire)
- Dominican Republic
- El Salvador
- Ethiopia
- Guinea-Bissau
- Guyana
- India
- Iraq
- Kenya
- Madagascar
- Mali
- Mauritius
- Mozambique
- PDR Yemen
- Peru
- Rwanda
- Sao Tome and Principe
- Senegal
- Seychelles
- Sierra Leone
- Somalia
- Sudan
- Suriname
- Syria
- Tanzania
- Togo
- Tunisia
- Venezuela
- Zambia
- Zimbabwe
Economic Systems and Government
Economic Systems and Government

**Communism**

all class differences would disappear and humankind would live in harmony

**Characteristics:**

- Radical form of socialism
- Economic view of history
- Labor theory of value
Economic Systems and Government

• Marx's Application to European History

• Dedication to revolution

• Dictatorship of the proletariat

• Atheism— complete dedication to the communist state
Economic Systems and Government

Communism = Command Economy

**Strengths:**
- Capable of dramatic change in a short period of time

**Weaknesses:**
- Does not meet the wants and needs of consumers
- Lacks effective incentives to get people to work
- Requires large bureaucracy, which consumes resources
- Has little flexibility to deal with small, day to day changes
- New and different ideas discouraged, no room for individuality
Economic Systems and Government

“The goal of capitalism is always the same”, 1953

Comrade Lenin cleanses the earth of scum, November 1920
Economic Systems and Government

The rich man and the paunchy priest, 1919

“Long live the international proletarian revolution”, 1925
Economic Systems and Government

“Stalin in the Kremlin cares about each one of us”, 1940
“Under the leadership of the great Stalin--forward to communism!”, 1951
Economic Systems and Government

“To collective work”, 1929
Economic Systems and Government

“Fight lazy workers!”, 1931

“Never buy in a private shop – when you can buy in a cooperative”, 1924
Economic Systems and Government

“Who receives the national income?”, 1950

“Cast your lot with Comrade Dzerzhensky” (police recruiting poster), 1966
Economic Systems and Government

1985 High Point

COMMUNISM

Afghanistan
Albania
Bulgaria
Cambodia
China
Cuba
Czechoslovakia
East Germany
Hungary
Laos
Mongolia
Nicaragua
North Korea
Poland
Romania
U.S.S.R.
Vietnam
Yugoslavia
Economic Systems and Government

Realities of Socialism and Communism

• The standard of living of workers in Europe, far from falling, roughly doubled

• The middle classes did not disappear but grew many times larger

• Outbreak of war put to test Marx and Engels’ claim that “the working men have no country.”

• The industrial proletariat assuredly had not brought socialism to Russia. The country was still mostly agricultural
Economic Systems and Government

Realities of Socialism and Communism

• Socialism was supposed to come to the most advanced capitalist countries, whereas Russia was among the most backward

• Huge, powerful communist governments created “elite, privileged class” above proletariat

• Non-violent resolution of conflict in capitalist economies/nations
Economic Systems and Government
Fascism

Characteristics:

• Developed as a reaction against Communism and Marxism
• Total allegiance to the ruler, deputies, and political party
• National life under state control
Economic Systems and Government

Fascism

Characteristics:

• State control over all aspects of life: political, social, cultural, and economic
• Election fraud
• Elimination of personal freedoms
• Secret police
Economic Systems and Government

Fascism = Command Economy

**Strengths:**
- Capable of dramatic change in a short period of time

**Weaknesses:**
- Does not meet the wants and needs of consumers
- Lacks effective incentives to get people to work
Economic Systems and Government

Fascism = Command Economy

Weaknesses:

• Requires large bureaucracy, which consumes resources
• Has little flexibility to deal with small, day to day changes
• New and different ideas discouraged, no room for individuality
Economic Systems and Government

Hideki Tojo  
Imperial Japan

Engelbert Dolfuss  
Austria

Juan Peron  
Argentina

Ioannis Metaxas  
Greece

Francisco Franco  
Spain

Antonio de Oliveira Salazar  
Portugal

Adolph Hitler  
Germany

Benito Mussolini  
Italy
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government
Economic Systems and Government

“Benito Mussolin, Duce of Fascism, founder of the Empire”

“One People, One Reich, one Fuhrer”
Economic Systems and Government

“Long live Germany”
"The Jew: The inciter of war, the prolonger of war."

"It was the Jews who discovered Marxism, and it is the Jews who for decades have attempted to revolutionize the world with it."
Economic Systems and Government

1934 Nuremberg Rally card emphasizes the connection of the Nazi Party to German tradition

"To help to defend and finish the Führer's enormous work is the happiest task and highest duty of all Germans"
Economic Systems and Government

[Image: Diagram showing the scope of government ranging from most government (Totalitarianism) to least government (Anarchism), with political and economic theories in between.

- **Political Theories**: Totalitarianism, Libertarianism, Anarchism
- **Economic Theories**: Socialism, Capitalism, Laissez Faire
- **Popular Political Labels in America**: Liberal, Conservative]
Economic Systems and Government

[Image of a bar graph showing the distribution of ideologies. The x-axis represents different levels of ideology ranging from 'Extremely liberal' to 'Extremely conservative'. The y-axis represents the percentage of people. The graph shows a peak at 'Moderate' ideology with decreasing numbers moving away from this peak.]
Economic Systems and Government
Economic Systems and Government

AUTHORITARIANISM

COMMUNISM

SOCIALISM

CAPITALISM

DEMOCRACY

TYPES OF GOVERNMENTS

DEMOCRATIC

AUTHORITARIAN
Economic Systems and Government

Types of Economies

- Socialism
- Capitalism

Types of Government

- Authoritarianism
- Democracy

Societies

- Socialism
- Capitalism

- Communism
- Fascism
Economic Systems and Government

AUTHORITARIAN
SOCIALISM

AUTHORITARIANISM

AUTHORITARIAN
CAPITALISM

SOCIALISM

COMMUNISM

SOCIALISM

FASCISM

CAPITALISM

DEMOCRATIC
SOCIALISM

DEMOCRACY

CAPITALISM

DEMOCRATIC
CAPITALISM
Economic Systems and Government

DEMOCRATIC CAPITALISM

- Laissez-faire
- Limited government
- Will of the majority
- Respect for right of minority
- Equal access and protection under the rule of law
- Responsibilities of individual citizen
- Civil rights
- “inalienable” human rights
- Property rights
- Voting rights
Economic Systems and Government

**DEMOCRATIC SOCIALISM**

- Humans are naturally benevolent and cooperative
- Will of the majority
- Respect for right of minority
- Greatest good for the greatest number
- Active government involvement =
  - Representative of the people
  - Can and should remedy social ills
  - View towards future accomplishments
Economic Systems and Government

DEMOCRATIC SOCIALISM

- Social contract must be maintained
- Elimination of class distinctions
- Creation of a new type of man
Economic Systems and Government

AUTHORITARIAN SOCIALISM

- Revolutionary:
  - Revolutionary change in relationships of production
  - Violent class struggle
- Dictatorship of the proletariat
- Supremacy of the party = “withering away of the state”
- Greatest good for the greatest number
- Active government involvement=
  - Representative of the masses
  - Can and should remedy social ills
Economic Systems and Government

AUTHORITARIAN SOCIALISM

- Social contract in every aspect of personal life
- Communism as a way of life
- Elimination of class distinctions
- Creation of a new type of man
Economic Systems and Government

AUTHORITARIAN CAPITALISM

- Reactionary: religious mysticism, violent struggle, and mythic past
- Inevitable inequality based on the “will of power”
- Pyramid leadership with “divine” leader
- Racism and eugenics
- Moral relativism
- Duty of obedience
- Rule by coercion
- Extreme nationalism
Economic Systems and Government

AUTHORITARIAN CAPITALISM

- Permanent mobilization for war
- Fascism as a way of life
- Social contract in every aspect of personal life
Economic Systems and Government