

Economic Theories DBQ

Homework due _____

Learning Target: I can use evidence to support a claim that answers the question: **Which economic system (Capitalism (Smith) or Communism (Marx)) is the most beneficial for a society in the process of industrialization?**

Adam Smith liked the changes happening during industrialization. He said that people motivated by greed and the desire for profit actually benefit society. He explains his reasoning in his book *The Wealth of Nations*:

DOCUMENT A

Source: Adam Smith's answer from *The Wealth of Nations*, 1776

The tailor does not attempt to make his own shoes, but buys them at the shoemaker. The shoemaker does not attempt to make his own clothes, but uses a tailor. The farmer attempts to make neither the one nor the other, but uses those different craftsmen. All of them find it in their best interests to employ their talents in a particular occupation, and to cultivate and bring to perfection whatever talent or genius he may possess... This is the way in which they have some advantage over their neighbors and simply purchase whatever else they have the occasion for.

Every individual, therefore, endeavors as much as he can to direct his resources toward his own talents so that its produce may be of the greatest value to himself... every individual neither intends to promote the public interest, nor knows how much he is promoting it... he intends only his own gain...

It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest and their desire for a profit....

...By pursuing their own interest, people frequently promote the good of the society more effectively than when they really intend to promote it.

1. According to Adam Smith, why do people choose the jobs and occupations that they do?

2. According to Adam Smith, why do people bother working hard?

3. Why can't we expect the butcher and the baker to just **give** us dinner?

4. According to Smith, why would a baker who makes baked goods that taste terrible and charges high prices not stay in business very long?

Vocab

tailor: someone who makes clothes

occupation: job

cultivate: improve

possess: have

endeavors: tries

intends to: tries to or means to

promote: improve

public interest: what's good for everyone in society

benevolence: generosity

pursuing: going after

frequently: often

5. To make money as a baker, what would you have to do?

6. How then does the desire to make more money as a baker **benefit society**?

DOCUMENT A (cont.)

The sole purpose of all production is to provide the best possible goods to the consumer at the lowest possible price. The price of every particular commodity is regulated by the cost of its production, the quantity which is actually brought to market, and the demand of those who are willing to pay.

When the quantity of any commodity which is brought to market falls short of the demand, all those who want the product cannot be supplied with the quantity which they want. Therefore, some of them will be willing to pay more. A competition will immediately begin among them, and the market price will rise more or less above the natural price.

When the quantity brought to market exceeds the demand, it cannot be all sold to those who are willing to pay the price. Some part must be sold to those who are willing to pay less, so the price of the commodity falls.

If one seller endeavours to raise prices without an increase in demand, consumers can simply choose among the other sellers who offer a lower price. As if led by an invisible hand, competition ensures that sellers provide the best possible goods to the consumer at the lowest possible price.

Vocab
sole: only
commodity: product, good
regulated: determined
quantity: amount
exceeds: is greater than
invisible hand: Smith uses this term to refer to all the decisions of people in an economy

7. In your own words, how is the price of a product determined?

8. According to Adam Smith, why do prices for some things rise?

9. According to Adam Smith, why do the prices of some things fall?

10. According to Adam Smith, how does competition keep prices low?

11. According to Adam Smith, what are the ways that acting in your own self-interest **actually helps others**?

Unlike Adam Smith, Karl Marx lived during the later stages of the Industrial Revolution. By then, cities had become overcrowded and unsanitary, and the working conditions in factories were terrible. Karl Marx, Friedrich Engels, and others like them looked around and believed that capitalism was not good for society. They believed that cooperation was not possible and that conflict between the owners of capital (the factories and machines) and those who worked for them was inevitable. He believed that the struggle between the two groups would eventually lead to a workers revolution.

Karl Marx describes **why industrialization is bad** for the working class.

DOCUMENT B

Source: Modified excerpt from The Communist Manifesto by Karl Marx and Friedrich Engels, 1848

The modern bourgeois society...has not done away with class antagonisms. It has but established new forms of struggle in place of the old ones. Modern industry has converted the little workshop of the patriarchal master into the great factory of the industrial capitalist. ... They have pitilessly torn asunder the ties that bound men to each other, and have left nothing other than naked self-interest... Masses of laborers, crowded into the factory, are organized like soldiers.... They are slaves of the machine and the manufacturer. Instead of rising as industry progresses, they sink deeper and deeper into poverty....

Owing to the use of machinery and to division of labor, the work of the proletariat has lost all individual character, and consequently, all charm for the workmen. He becomes a limb of the machine, and it is only the most simple, most monotonous, and most easily acquired knack, that is required of him.”

12. According to Marx and Engels, what are 3 ways that industrialization has been bad for the proletariat?

Vocab

bourgeois: middle class – referring to the factory owners

antagonisms: hatred between groups of people

patriarchal: male

pitilessly torn asunder: turn apart without caring, broken apart without mercy

masses: large groups

proletariat: Marx and Engel’s word for the working class

limb: arm

monotonous: boring

knack: skill

Friedrich Engels, describes what they propose as the solution to Industrialization

DOCUMENT C

Source: Modified excerpt from the Principles of Communism by Friedrich Engels, 1847

Above all, the state will have to take control of industry and of all the branches of production out of the hands of... competing individuals, and instead institute a system as a whole, that is for the common account, according to a common plan, and with the participation of all members of society. It will... abolish competition....Private property must therefore be abolished.”

Vocab

state: government

institute: establish, create

common account: common good, benefit of all

abolish: eliminate

13. According to Marx and Engels, what is the solution to the problems of the working class?

REVIEW OF THE TWO MAJOR ECONOMIC SYSTEMS:

USE THE STATEMENTS BELOW TO FILL IN THE TABLE

- a) Progress results when individuals follow their own self interest
- b) Businesses follow their own self-interest by competing for the consumer’s money. Each business tries to produce goods or services that are better and less expensive than those of competitors.
- c) Capitalist employers take advantage of workers. The community or the government must act to protect workers.
- d) An unequal distribution of wealth and material goods is unfair. A better system is for the government to distribute goods according to each person’s needs.
- e) Individuals and businesses own property and the means of production
- f) Capitalism creates unequal distribution of wealth and material goods. A better system is for the government to distribute goods according to each person’s needs.
- g) Consumers compete to buy the best goods at the lowest prices. This shapes the market by affecting what businesses sell and for how much.
- h) Government should **not** interfere in the economy because competition creates efficiency in business.
- i) The community or the government should own property and the means of production. There should be no private ownership.
- j) Progress results when a community cooperates for the good of all.

Adam Smith Capitalism – “The Wealth of Nations”	Karl Marx/Engels Communism – “The Communist Manifesto”
_____, _____, _____, _____, _____	_____, _____, _____, _____, _____

Answers to Questions Score



Claim: Answers the question: **Which economic system (Capitalism (Smith) or Communism (Marx)) is the most beneficial for a society in the process of industrialization?** Must include your 3 key points you would discuss in your body paragraphs to defend your choice.

Topic of my **first body paragraph** would be:

The quote I would use as evidence of this topic would be:

_____ From (Doc _____)

My analysis/conclusion as to how this evidence strengthens my argument that this economic system is most beneficial to an industrializing society :

Topic of my **second body paragraph** would be:

The quote I would use as evidence of this topic would be:

_____ From (Doc _____)

My analysis/conclusion as to how this evidence strengthens my argument that this economic system is most beneficial to an industrializing society :

Topic of my **third body paragraph** would be:

The quote I would use as evidence of this topic would be:

_____ From (Doc _____)

My analysis/conclusion as to how this evidence strengthens my argument that this economic system is most beneficial to an industrializing society :

0	1	2	3	4
Please complete as soon as possible	Weak answers to questions. Claim does not take a position or have 3 key points that apply to that position. Evidence is weak or incorrect. Citations are not present.	Answers to questions are present. Claim takes a position and attempts to establish strong key points. Evidence is present but lacks connection to claim.	You mostly have it. Answers show you can focus on the question as you read. Claim makes sense, evidence matches claim, citations are correct.	

