#33—Crash Course World History Video Notes

Capitalism and Socialism

1. Capitalism is an economic system, but it’s also a cultural system. It’s characterized by \_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_ to increase wealth.
2. Let’s say its 1,200 CE and you’re a rug merchant. Just like merchants today, you sometimes need to borrow money in order to buy the rugs you want to resell at a profit, and then you pay that money back, often with interest, once you’ve resold the rugs. This is called \_\_\_\_\_\_\_\_\_\_\_\_\_ capitalism, and it was a global phenomenon, from the Chinese to the Indian Ocean trade network to Muslim merchants who would sponsor trade caravans across the Sahara.
3. By the 17th century, merchants in the Netherlands and in Britain had expanded upon this idea to create \_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_ companies. Those companies could finance bigger trade missions and also spread the risk of international trade.
4. \_\_\_\_\_\_\_\_\_\_\_\_\_ Capitalism was something altogether different, both in scale and in practice. Let’s use Joyce Appleby’s definition of industrial capitalism: "An economic system that relies on investment of capital in machines and technology that are used to increase \_\_\_\_\_\_\_\_\_\_\_\_\_ of marketable goods.”
5. Industrial capitalism developed first in Britain in the 19th century. Britain had a bunch of advantages:
6. It was the dominant power on the \_\_\_\_\_\_\_\_\_ and it was making good money off of trade with its \_\_\_\_\_\_\_\_\_\_\_\_\_, including the slave trade.
7. Also, the growth of capitalism was helped by the half-century of civil unrest that resulted from the 17th century English Civil War which made for freer markets.
8. Another factor was a remarkable increase in \_\_\_\_\_\_\_\_\_\_\_\_\_ productivity in the 16th century. This increased productivity eventually brought down prices and this encouraged further innovation in order to increase yield to make up for the drop in prices. Lower food prices had an added benefit – since food cost less and wages in England remained high, workers would have more \_\_\_\_\_\_\_\_\_\_\_\_\_ income, which meant that if there were consumer goods available, they would be consumed, which incentivized people to make consumer goods more efficiently, and therefore more cheaply. So this increased productivity also meant that fewer people needed to work in agriculture in order to feed the population.
9. One of the ways the British achieved all this agricultural productivity was through the process of \_\_\_\_\_\_\_\_\_\_\_\_\_. Whereby landlords would re-claim and privatize fields that for centuries had been held in common by multiple tenants. This increased agricultural productivity, but it also impoverished many tenant farmers, many of whom lost their livelihoods.
10. Perhaps the most important idea that was popularized in England was that men and women were \_\_\_\_\_\_\_\_\_\_\_\_\_ as well as \_\_\_\_\_\_\_\_\_\_\_\_\_ and that this was actually a good thing because the desire to consume manufactured goods could spur economic growth.
11. Capitalism isn’t without its problems, or its critics, and there were certainly lots of shortcomings to industrial capitalism in the 19th century.
12. \_\_\_\_\_\_\_\_\_\_\_\_\_ conditions were awful. Days were long, arduous, and monotonous.
13. Workers \_\_\_\_\_\_\_\_\_\_\_\_\_ in conditions that people living in the developed world today would associate with abject poverty.
14. One way that workers responded to these conditions was by organizing into \_\_\_\_\_\_\_\_\_\_\_\_\_ unions.
15. Another response was in many cases purely theoretical: \_\_\_\_\_\_\_\_\_\_\_\_\_, most famously Marxian socialism.
16. So, socialism, as an intellectual construct, began in \_\_\_\_\_\_\_\_\_\_\_\_\_. There were two branches of socialism in France, utopian and revolutionary. Both criticized capitalism and wanted the workers to gain control over the means of production, but using different methods.
17. Karl Marx, although he’s often considered the father of \_\_\_\_\_\_\_\_\_\_\_\_\_, because he co-wrote *The Communist Manifesto*, Marx was above all a philosopher and a historian that advocated revolution.
18. His greatest work, *Das Kapital*, sets out to explain the world of the 19th century in historical and philosophical terms. Marx’s thinking is deep and dense and we’re low on time, but I want to introduce one of his ideas that of \_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_.
19. So, Marx was writing in 19th century England and there were two classes that mattered: the \_\_\_\_\_\_\_\_\_\_\_\_\_ (the proletariat) and the \_\_\_\_\_\_\_\_\_\_\_\_\_ (the bourgeoisie). The capitalists owned most of the factors of \_\_\_\_\_\_\_\_\_\_\_\_\_. The workers just had their \_\_\_\_\_\_\_\_\_\_\_\_\_. By arguing that capitalism actually isn’t consistent with human nature, Marx sought to empower the workers.
20. Ultimately socialism has not succeeded in supplanting \_\_\_\_\_\_\_\_\_\_\_\_\_, as its proponents had hoped. So, industrial capitalism certainly seems to have won out, and in terms of material well being and access to goods and services for people around the world, that’s probably a good thing.
21. How and to what extent we use socialist principles to \_\_\_\_\_\_\_\_\_\_\_\_\_ free markets remains an open question. And this, I would argue, is where Marx still matters. Is capitalist competition natural and good, or should there be systems in place to check it for the sake of our collective well-being?
22. Should we band together to provide \_\_\_\_\_\_\_\_\_\_\_\_\_for the sick, or pensions for the old?
23. Should government run \_\_\_\_\_\_\_\_\_\_\_\_\_, and if so, which ones? The mail delivery business? The airport security business? The education business? Those are the places where industrial capitalism and socialism are still competing. And in that sense, at least, the struggle continues.