

ECONOMIC THEORIES

- I. Physiocrats- Quesnay & Turgot
 - A. Agricultural wealth
 - B. No economic regulation of agricultural production
 - C. No taxes except on agricultural production
 - D. Laissez-faire (leave it alone)
- II. Classical economists
 - A. Adam Smith and Wealth of Nations (1776)
 - 1. Promote wealth of entire nation
 - 2. Wealth or goods which society consumes
 - 3. Laissez-faire (i.e., no government interference)
 - 4. Laws of the market
 - a. Self-interest --> competition --> provision and quantity of goods society wants at prices society is ready to pay
 - b. Supply and demand
 - 5. Law of Accumulation
 - a. Object of capitalists; accumulating savings
 - b. "Consecrated to the maintenance of industry"
 - c. Private greed --> welfare of community (provide more jobs) [Enlightened Self-Interest]
 - 6. Law of Population
 - a. " the demand for men, like that for any other commodity, necessarily regulates the production of men."
 - b. accumulation-->higher wages-->more workers--> competition --> lower wages --> higher mortality of children
 - B. Malthus & "An Essay on the Principle of Population as it Affects the Future Improvement of Society" (1798)
 - 1. Population increases geometrically; cultivation of land increases arithmetically
 - 2. "Moral restraint"; lower population
 - C. Ricardo & Principles of Political Economy (1817)
 - 1. Society - bitter contest for supremacy
 - a. Capitalistic industrialists vs. rich land owners
 - b. Landlords win out unless hold on grain prices
 - c. "The interest in the landlords is always opposed to the interest of every other class in the community"
 - 2. Iron Law of Wages
 - 3. Even balance of trade
 - D. Jean-Baptiste Say; "Say's Law" - production of one article creates demand for another article --> no general overproduction
- III. Jeremy Bentham and utilitarianism
 - A. "Principle of Utility"
 - B. Laissez-faire, unless people working against best interest of the general public
- IV. John Stuart Mill
 - A. Cooperatives and unions for higher wages
 - B. Legislation to protect women and children in factories
 - C. Utilitarianism
 - D. On Liberty
 - E. Principles of Political Economy (1848): economic principles applied to social conditions
- V. Socialism
 - A. Utopian
 - 1. Robert Owen
 - a. New Lanark (Scotland) - model community
 - b. Good environment - real paradise on earth
 - c. Shorter working day and abolition of child labor
 - d. New Harmony (1826) - failure
 - e. Wanted to do away with money
 - f. Established working class movement - Grand National (1833) - failed

2. Saint-Simon
 - a. Reward is in proportion to amount of work
 - b. Gov't- economic, not political; arrange not direct
 3. Fourier
 - a. No private property
 - b. Phalanxes
 - 1.) efficiency through centralization
 - 2.) everyone work for few hours/day - do what best liked
 - 3.) ex. Oneida, Brook Farm, New Icaria
- B. Christian (Fredrick Maurice)
1. Working men in Church cooperate --> combat evils of industrialization
 2. Fabian society
 - a. Against materialism
 - b. Christian love instead of competition and exploitation
 3. Christian Humanitarianism
 - a. concerned about unchristian aspects of industrialization
 - b. sought to relieve suffering and injustices caused by industrialization
- C. Communism
1. Marx & Engels - Communist Manifesto (1848)
 - a. Violent revolution of working class
 - b. Hegelian dialectic view of society's structure
 - c. Bourgeoisie vs. proletariat - class struggle
 - d. Changes in history - economic causes (economic determination)
 - e. Communist victory inevitable
 - 1.) First, temporary dictatorship of proletariat
 - 2.) Then, classless society
 2. Das Capital (Marx)
 - a. Worker alone creates total value of item
 - b. Entrepreneur's profits - surplus value
- VI. Anarchism (Mikhail Bakunin)
- A. All existing institutions abolished
 - B. All authority abolished
 - C. Pierre Joseph Proudhon
 1. What is property (1840) : Private property = theft
 2. Against interest rates - want *People's Bank* where all secure credit
- VII. Syndicalism (George Sorel) and Reflections on Violence (1908)
- A. Urge campaign of violence
 - B. Violent general strike of all workers
- VIII. Kenesian economics: gov't compensate for irregularities of capitalist system
- IX. Post Keynes era
- A. Chicago School - defense of classical view
 - B. Galbraith critique - movement beyond Keynesian economics
 - C. New Left - equalitarian economics