

People nowadays



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Man is both selfless and unpredictable. People today want money and to gain as much power as possible. We survive by what is advantageous to us and what benefits us more in a situation. The Economic Revolution and money made people today like this. Robert L. Heilbroner described, in his book *The Worldly Philosophers*, "It was the most important revolution, from the point of view of shaping modern society, that ever took place- fundamentally more distributing by far than the French, The American, or even the Russian Revolution" (p. 14).

Before the revolution the world was ran according to class; the people of the higher class tended to rule and "dictate" the poor. Capitalism changed this way of government in the eighteenth century and showed people that they could be more successful if money was introduced in a different form.

Society and how people made decisions would both soon be dependent on a market system.

This revolution sparked a new one called the Industrial Revolution where the expansion of factories began, creating more jobs. This led to more competition, causing people to want more gain and especially more money. Several men have described and shaped economics into our society today. Capitalism has become what motivates people and also keeps the economy functioning.

Adam Smith is a well-known, intelligent philosopher who described and predicted what would become of our economy and the people contributing to it. He saw man as self-centered and saying the only difference between people and animals is our dependency. Smith believes that for people to

promote society they must do what they're best at. He presents this as the Invisible Hand, not only illustrating it as promoting society but also as it making the best society.

Adam Smith decided that labor, not nature was a source of value now. Smith came up with laws, one being the Laws of the Market where he states that self-interest is what drives people to be successful causing more competition and allows the market to remain in our society. These laws would impose restrictions on price and quantity. The Laws of Behavior was another law he created that was known as "drivers".

As this law was created, it emerged another one called the Law of Accumulation, where Smith would explain how people want riches and more economic prosperity. " But Adam Smith did not approve of accumulation for accumulation's sake. He was, after all, a philosopher, with a philosopher's disdain for the vanity of riches. Rather, in the accumulation of capital Smith saw a vast benefit to society" (p. 38-39). This law regulated another law called the Law of Population.

Smith says how it's all a system that people keep constantly reinsuring. Adam Smith does not like capitalist, saying that monopolies were his biggest enemies, not competition. Competition, he believes, should be a part of the market system and let it progress on its own. Smith was not the only one that had ideas and beliefs as to why and how the economy and the people in it affected each other, there were other men that had their own ideas about economics.

Thomas Malthus was an economist, similar to Adam Smith, that explained how humanity outstrips natural resources. He went on to call this the "plateau effect" for population, with also stating that overpopulation would create problems affecting prosperity of the system. Malthus states, "Far from ascending to an ever higher level, society was caught in a hopeless trap in which the human reproductive urge would inevitably shove humanity to the very brink of the precipice of existence" (p. 46).

Opposing the views of Adam Smith was Jewish stockbroker, David Ricardo. He believed people could not work together harmoniously, also thought that it should be compared to people ruthlessly fighting for competing to get to the top, concluding that should only be one ultimate winner. An escalator became a metaphor for this belief. He also thought the escalator "worked with different effects on different classes, that some rode triumphantly to the top, while others were carried up a few steps and the kicked back down to the bottom" (p. 47). Unlike Smith, David Ricardo supported Capitalist and believed that would be the ones to take over and end up on the top of the escalator.

A German scholar named Karl Marx believed that Capitalism will and must fail. Since he was a poor man his beliefs on society being broken down into two groups was very obvious. The two groups are the bourgeoisie and the proletariat. The bourgeoisie mainly consist of a business owner and controlled means of production which are land, labor, and capital. The proletariat is the opposite group which is the working class or the poor.

These two classes contribute to the philosophy of "Dialectical Materialism". The base of this is described as the economic system and the superstructure of it shows religion, language, and the ideas that prop up society. They both continuously reinforce each other making the economy work in some kind of order. Even as society changes, this Dialectical Materialism idea has to change with it to maintain society.

These changes are positive though because the base and the superstructure are polar opposites that meet, also forcing that constant change. Marx also believed in the "Laws of Motion", which involved profits falling over time and small businesses dying. He believed that whatever the price of an item is, is the amount of labor too. The value of something comes from how much labor is put into the product. He also believed that the system of Capitalism was flawed because there was no profit involved, stating that one man's profit is another man's loss.

He thought that eventually people would gain too much power and result in a crisis. Marx says Capitalism fails because of revolution, the working-class rebelling, and surplus value, not getting fully paid for what labor put into making something. In the 1920s this failure is known as the Great Depression. Income inequality became a big problem, people weren't making enough money to sustain themselves, and eventually we see the economy drop.

The huge disease of unemployment was rapidly increasing, and people began to survive in a world of greed. Before this depression, the stock market was booming which meant the economy was too. The problem started when people started taking out so many loans, and when the banks crashed so did

the market which resulted in the Great Depression. For 10 years people struggled day to day to keep themselves and their families supported. People were scared and nervous so they began saving their money and not investing it, stopping the flow of wages.

President Franklin D. Roosevelt was our president during this catastrophe and was determined to fix it. He met with British economist John Keynes who was wealthy, schooled by the best, and wrote books. He was a conservative who disagreed with Marxism and believed Socialism is bad. Keynes is known for his "General Theory of Employment, Interest, and Money". It essentially states that investing was not the same as saving. Saving to him was taking money out of the economy and investing was putting money into the economy.

He says that the worst thing a person can do to Capitalism is take your money out of a bank because money is the thing that keeps the system working, and how banks make money. Keynes realized that there was no self-fixing mechanism and that the economy was an "elevator". Because the economy was not self-fixing someone needed to "push the button to get it going again", mainly talking about how the government needs to be involved and keep Capitalism going.

Robert L. Heilbroner explains and describes the development of the economy throughout centuries very well in his book *The Worldly Philosophers*. He writes about many brilliant men who help build and describe the foundation of our economy with different theories and laws. Today we still see the ideas these men shared with the world and are affected by them.