Chapter 17: CAPITALISM AND ITS CRITICS:
Objectives:

- We will examine the philosophy of wealth such as Social Darwinism that justified the excess of the time.
- We will examine the critics of the new industrial capitalism, and the solutions they proposed.
Pro_11:4 Riches profit not in the day of wrath: but righteousness delivereth from death.
THE SELF-MADE MAN:

- Common rationale for modern capitalism rested on the ideology of idealism.
- That people worked hard for their wealth.
- What they called a self-made man.
- Carnegie worked in a cotton mill, Rockefeller began as a clerk but most of the new business tycoons were not self made men but begun their careers from position of wealth and privilege.
Most tycoons liked to claim that they had attained their wealth and power through hard work, acquisitiveness, and thrift, the traditional virtues of Protestant America.

There was a popular belief that the poor were poor by their own laziness and shortcomings.

This supported the idea of Social Darwinism.
Survival of the Fittest:

- The English philosopher Herbert Spencer was the first and most important proponent of this theory.
- Society, he argued benefited from the elimination of the unfit and the survival of the strong and talented.
- William Graham Sumner of Yale University also derived his thesis from Charles Darwin’s law of evolution and natural selection, applies to human society.
Survival of the Fittest:

- Social Darwinists claimed that only the fittest individuals survived and flourished in the marketplace.
- Most industrialists seized on this theory to justify their own power.
Survival of the Fittest:

- Above all businessmen were attracted to Social Darwinism because it justified their tactics.
- They insisted that all attempts by labor to raise wages by forming unions and all endeavors by government to regulate economic activities would fail.
- Because economic life was controlled by a natural law, the law of competition.
Survival of the Fittest:

- Carnegie wrote that the wealthy should consider all revenues in excess of their own needs as “trust funds” to be used for the good of the community; the person of wealth, he said was the mere trustee and agent for his poorer brethren.
Survival of the Fittest:

- Carnegie was only one of many industrialists who devoted large parts of his fortunes to philanthropic works much of it to libraries and schools, institutions he believed would help the poor to help themselves.
Survival of the Fittest:

- Novels from Horatio Alger were also popular of the self-made man that would have a rough upbringing that would achieve fortune and fame.
- His stories reinforced one of the most cherish national myths, that with willpower and hard work, anyone could become a “self made” man.
- Success was a reward for their virtue.
Alternative Visions:

- Other philosophies emerged to challenge Social Darwinism.
- One was from sociologist Lester Frank Ward, who was a Darwinist but rejected the application of Darwinian law to human society.
- He argued that civilization was governed not by natural selection but by human intelligence which was capable of shaping society as it wished.
Unlike Sumner, who believed that state intervention to remodel the environment futile, Ward thought that an active government engaged in positive planning was society’s best hope.

The people, through their government could intervene in the economy and adjust it to serve their needs.
Alternative Visions:

- Daniel De Leon an immigrant from the West Indies founded the Socialist Labor Party that challenged laissez-faire ideas and attracted a modest following in the industrial cities.
Alternative Visions:

- A social writer with a wide following was Henry George of California who wrote *Progress and Poverty*.
- George blamed social problems on the ability of a few monopolists to grow wealthy as a result of rising land values.
- An increase in the value of land, he claimed was a result not of any effort by the owner, but the growth of society around the land.
Alternative Visions:

- It was an unearned increment and it was rightfully the property of the community.
- George proposed a single tax to replace all other taxes which would return the increment to the people.
- The tax he argued would destroy monopolies, distribute wealth more equally, and eliminate poverty.
Edward Bellamy’s 1888 book, *Looking Backward*, was a utopian novel where a new society had emerged from a peaceful evolutionary process.

The large trusts of the late nineteenth century had continued to grow in size and to combine with one another until ultimately they formed a single great trust.

Controlled by the government, which absorbed all the businesses of all the citizens and distributed the abundance of the industrial economy among all the people.

Society had become a great machine that it ran itself.

Class divisions had disappeared.
Industrial Workers in the New Economy:

- In the late nineteenth century due to the growth of industrial capitalism saw four-fifths of the American people who lived modestly and at least 10 million people who lived below the commonly accepted poverty line.
Industrial Workers in the New Economy:

- The standard of living was rising for everyone but the gap between the rich and poor was increasing.
- To those in difficult economic circumstances, the sense of relative deprivation could be almost as frustrating and embittering as poverty itself.
The Immigrant Work Force:

- With the growth of American industry saw the greatest influx of immigrants to the U.S.
- In the 1870s and 1880s most of the immigrants to eastern industrial cities came from the nation’s traditional sources: England, Ireland, and Northern Europe.
Many workers in the late nineteenth century experienced a real rise of their standard of living. But they did so at the cost of often dangerous working conditions, diminishing control over their own work and growing sense of powerlessness.
Industrial Workers in the New Economy:

- By the end of the century major sources of immigration shifted with large numbers of southern and Eastern Europeans,
- (Italians, Poles, Russians, Greeks, Slavs, and others) moving to America among other nations) and into the industrial work force.
Industrial Workers in the New Economy:

- The new immigrants were coming to America in part to escape poverty and oppression in their homelands.
- Immigrants were also lured to the United States by expectations of new opportunities.
- Industrial employers actively recruited immigrant workers under the Labor Contract law, which until its repeal in 1885 permitted them to pay for the passage of workers in advance and deduct the amount later from their wages.
Industrial Workers in the New Economy:

- Even after the repeal of the law employers continued to encourage the immigration of unskilled laborers often with assistance of foreign-born labor brokers.
- By 1900, the average yearly income of American workers was $400 to $500—a year, below the $600 figure widely considered the minimum for a reasonable level of comfort.
Industrial Workers in the New Economy:

- Nor did Workers have much job security and were vulnerable to the boom and bust cycle of the industrial economy.
- And vulnerable to sudden wage decreases.
- Factory laborers worked ten to twelve hours a day, six days a week in the steel industry they worked twelve hours a day.
- Most worked in appalling and unsafe or unhealthy factories.
- Industrial accidents were frequent and severe.
Industrial Workers in the New Economy:

- The decrease of need for skilled work in factories induced many employers to increase the use of unskilled women and children.
- They could be hired for lower wages than adult males.
- During the late nineteenth century, Child Labor in the United States was at least 1.7 million children under sixteen years of age, and were employed in factories and fields.
- In 1900 more than twice the number of thirty years before.
Industrial Workers in the New Economy:

- The working conditions spawned the rise of labor unions but had little success.
- But the Middle Class saw labor unions as radicals and anarchists.
- An example of this was the emergence of the Molly Maguires, a militant labor organization in a coal region of Pennsylvania.
- The Mollies operated with the Ancient Order of Hibernians a Irish Fraternal Society.
Industrial Workers in the New Economy:

- They attempted to intimidate coal operators through violence and occasionally murder.
- They were often instigated by informants and agents employed by mine owners who wanted an excuse to suppress Unions.