

The background features abstract, overlapping geometric shapes in various shades of purple and blue, primarily concentrated on the right side of the frame. The shapes include triangles and polygons of different sizes and orientations, creating a dynamic, layered effect. The colors range from light lavender to deep, dark purple and blue tones.

Forces that Shape Our World: Capitalism

GNERD 101 Course Units

1. How do we know what is real?
2. What makes us who we are?
3. **What forces shape our world?**
4. What makes us happy?

Canada's inflation rate increases to 4%

Grocery prices increased at 6.9 per cent annual pace



Pete Evans · CBC News · Posted: Sep 19, 2023 8:41 AM EDT | Last Updated: September 20



As COVID-19 wanes and recession lurks, corporate profits boom

DAVID MILSTEAD >

PUBLISHED JANUARY 18, 2023



Gas prices increased by almost five per cent in the month of August alone. (Ethan Cairns/CBC)

Fossil fuel firms owe climate reparations of \$209bn a year, says study

Groundbreaking analysis by One Earth is first to quantify economic burden caused by individual companies

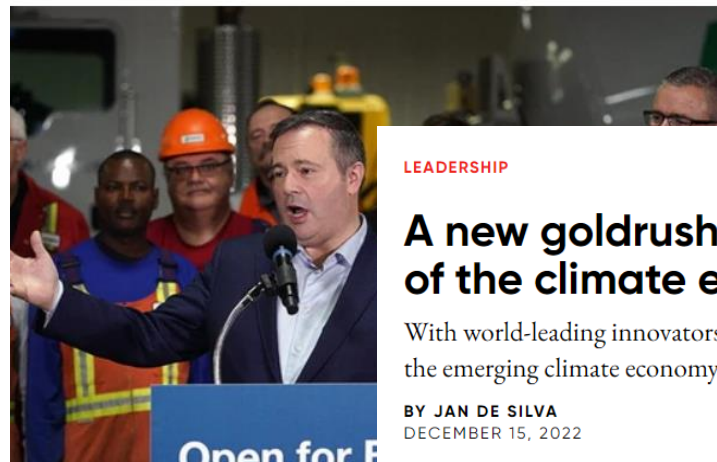


Opinion: Cutting corporate taxes in Alberta didn't trickle down

Jim Stanford

Published Jun 01, 2023 · Last updated Jun 01, 2023 · 3 minute read

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Open for B

By 9:43 a.m., Canada's richest CEOs have already earned the average worker's annual salary

Issue isn't how much CEOs make but how they make it, says management professor



Jenna Benchetrit · CBC News · Posted: Jan 03, 2023 4:00 AM EST | Last Updated: January 3



As cost of living soars, millions of Canadians are turning to food banks

New report from Food Banks Canada shows highest numbers since it began collecting data in 1989



Rhianna Schmunk · CBC News · Posted: Oct 25, 2023 5:00 AM EDT | Last Updated: October 25



LEADERSHIP

A new goldrush: Canada must seize opportunities of the climate economy

With world-leading innovators and a robust tech sector, Canada has a head start in the race to lead the emerging climate economy. Will it ascend or fall behind?

BY JAN DE SILVA
DECEMBER 15, 2022

What is Capitalism?

- ▶ ≠ the economy
- ▶ The economy: the social arrangements for producing, distributing, and trading goods and services
- ▶ “Many people speak about capitalism as if it were as old as the hills, as ancient as the Bible, implying that there is something about the system that accords with human nature. Yet, on reflection, this is clearly not the case. Nobody ever called the Egyptian pharaohs capitalists. The Greeks about whom Homer wrote did not comprise a business society, even though there were merchants and traders in Greece. Medieval Europe was certainly not capitalist. Nor would anyone have used the word to describe the brilliant civilizations of India and China...or the great empires of ancient Africa, or...Islamic societies...” (“Capitalism: Where Do We Come From?”, 11)

What Is Unique To a Capitalist Economy?

- ▶ **Land, labour, and money** are transformed into **factors of production** (resources used in order to make money) which are (on the whole) owned privately
- ▶ **Privately owned production for profit:** within a capitalist economy, most production of goods and services is undertaken by privately owned companies, which produce and sell their output in order to make a profit
- ▶ **Wide-spread wage labour:** most work is performed by people who don't own the means of production (land used to make money, factories, companies, etc.), but rather are hired by someone else to work in return for a wage or salary
- ▶ **Legal protections for private industry:** a legal and economic infrastructure in place to support private industry (e.g., patent rights, stock markets, etc.)

Feudalism in Europe (~500-1500CE)



Feudalism

- ▶ A **hierarchical and collectivist** way of organizing the economy
- ▶ A system in which most people were **serfs** working under the control of lords
- ▶ A complex web of **mutual obligations and rights**
- ▶ **No *individual* rights:** there were no rights to things like freedom of speech, freedom of religion, freedom of movement, freedom to buy or sell property or start a business
- ▶ **All rights were based on the social group** that a person was in



What Was Life like for Serfs?

“On certain days the tenant brings the lord’s steward perhaps a few silver coins or, more often, sheaves of grain harvested on his fields, chickens from his farmyard, cakes of wax from his beehives or from the swarms of the neighbouring forest. At other times he works on the arable land or the meadows of [the lord’s land]....His is the labour which repairs the walls of moats of the castle. If the master has guests the peasant strips his own bed to provide the necessary bed-clothes.” - Marc Bloch



The Medieval Economy

- ▶ Most production was determined by tradition or the orders of the local lord
- ▶ No freedom of movement or freedom to pick a job for most people
- ▶ Very little wage labour
- ▶ No private property: land not a commodity for sale
- ▶ Limited lending of money
- ▶ Lending with interest: usury (a sin)
- ▶ No investment of money into private enterprises by investors
- ▶ Very slow technological change: why?



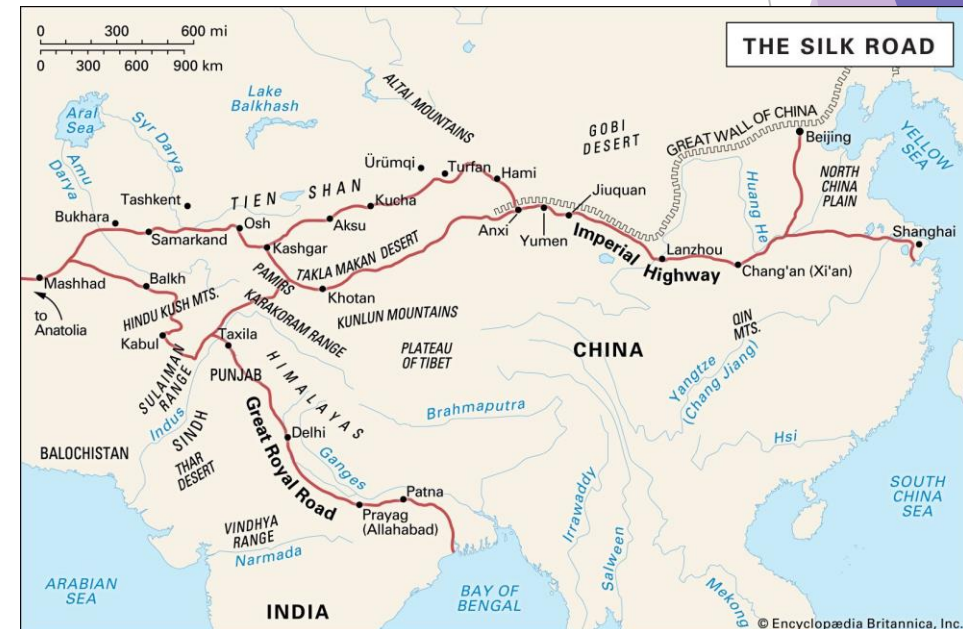
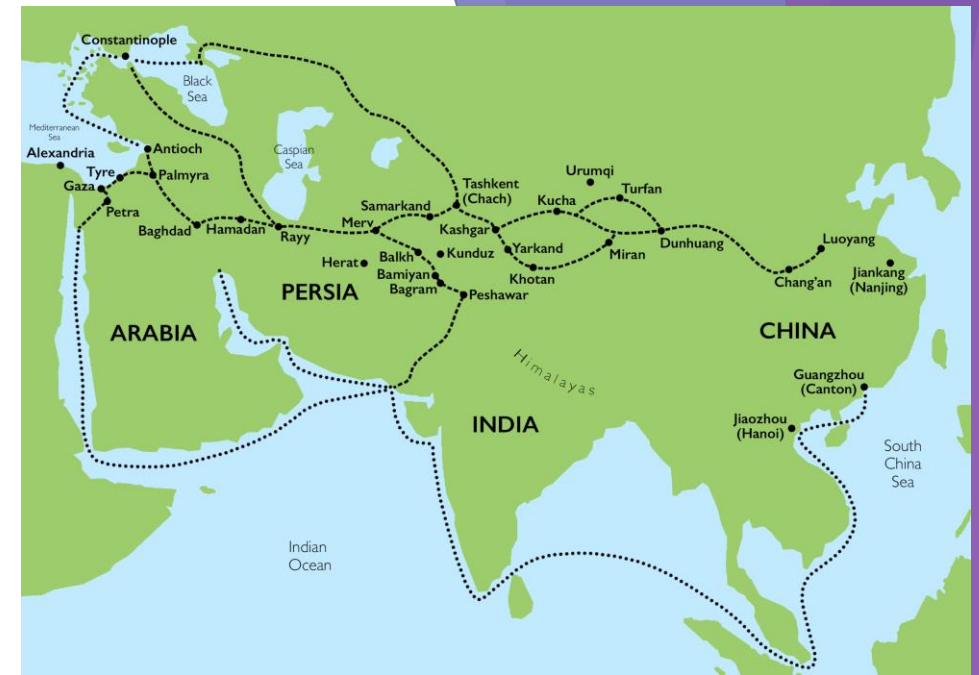
The Medieval Economy

- ▶ “Ambitious persons from the better walks of life sought fame and fortune in military exploits, in the service of the court, or in the hierarchies of religion...Moneymaking was generally considered to be beneath a person of noble blood...As a consequence of this, society’s wealth was not owned by “the rich” - that is, by those whose main efforts were aimed directly at moneymaking - but rather by the powerful, who seized it in the struggle for lands and privileges” (“Capitalism”, 12-13)



More Trade and Social Change (1000 AD onwards)

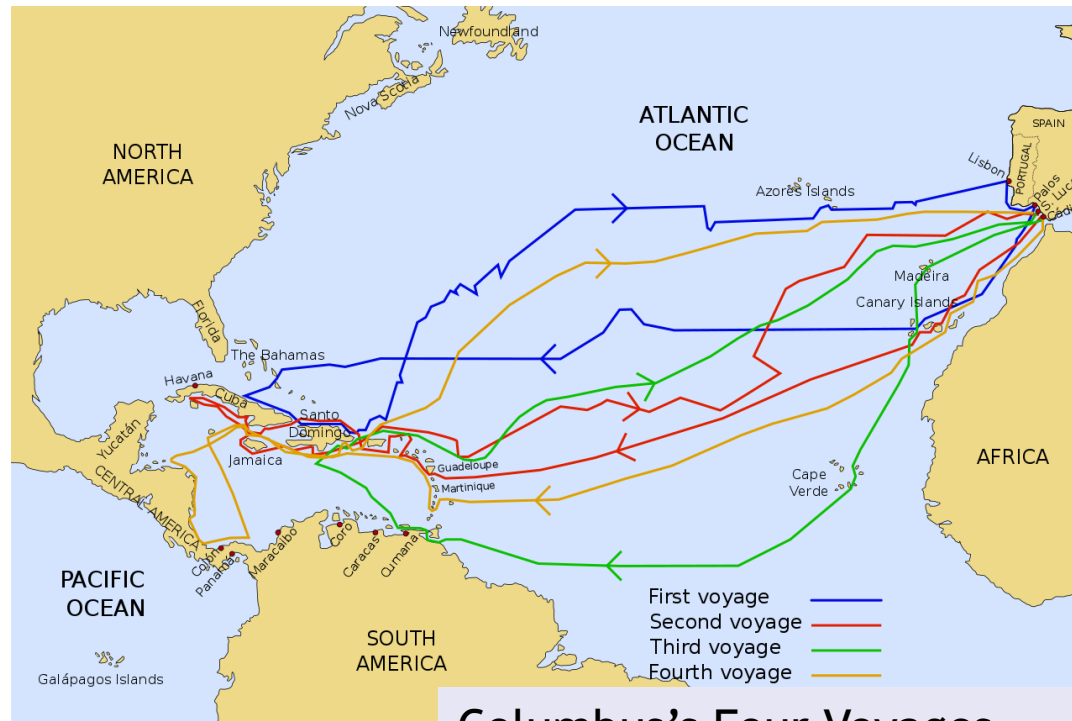
- ▶ Technological changes
- ▶ Revival of trade
- ▶ Growth of cities
- ▶ Emergence of a banking system



Feudalism →
Capitalism

Component #1: Imperialism and Colonialism

- ▶ Longer sea voyages → attempt to travel straight to Asia for trade
- ▶ Christopher Columbus's voyage in 1492: aimed to get to Asia, encountered the Taíno people on Guanahani (now known as San Salvador island in the Bahamas)

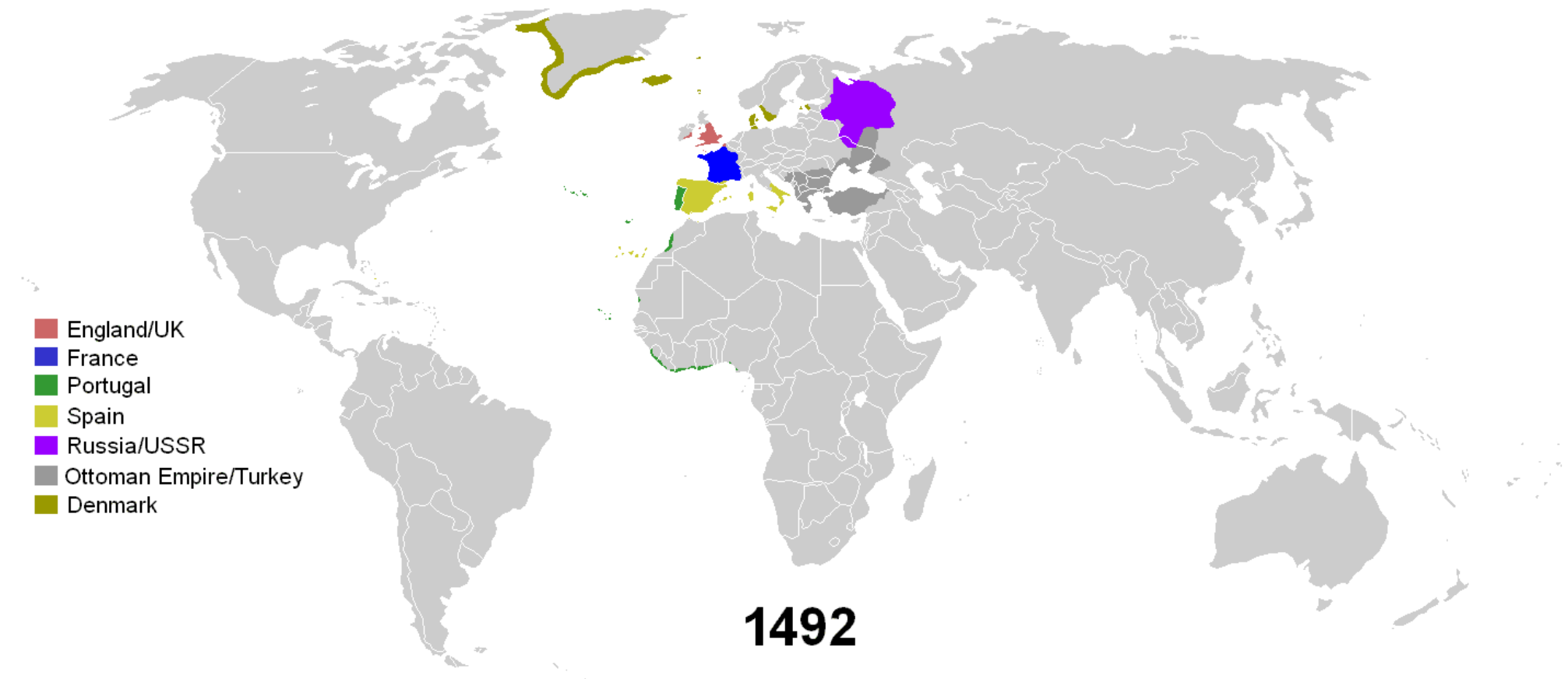


Columbus's Four Voyages

Columbus's Travel Log, October 12, 1492:

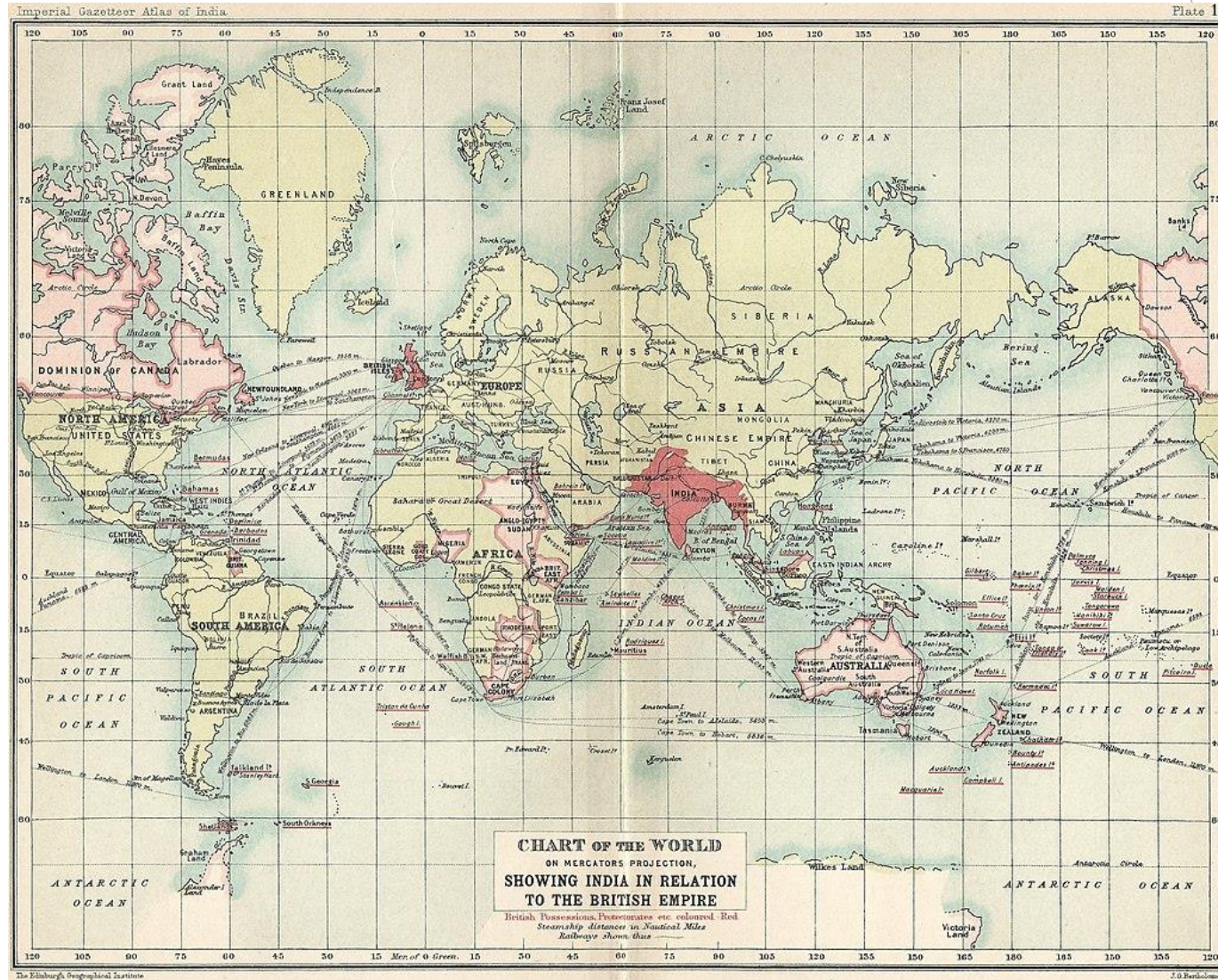
“They ought to make good and skilled servants, for they repeat very quickly whatever we say to them. I think they can very easily be made Christians, for they seem to have no religion. If it pleases our Lord, I will take six of them to Your Highnesses when I depart, in order that they may learn our language”

Waves of European Imperialism and Colonialism (1500-1945)



British Colonialism in India

- ▶ India: partially controlled by the British East India Company after 1757
- ▶ Under direct British rule from 1858-1947 (the “Raj”)



The “Scramble for Africa” (1880s-1914)



Berlin Conference (1884)



Why Was This Significant to the Story of Capitalism?

- ▶ Land appropriated from Indigenous peoples; Indigenous peoples sometimes enslaved, often forcibly moved
- ▶ The creation of **state-sponsored (chartered) trading companies** like the Hudson's Bay Company, the Royal Africa Company, the British East Asia Company, and the Dutch East India Company
- ▶ In charge of running trade in particular region and extracting wealth from it
- ▶ Evolved into colonial administrators and they are also the **forerunners of modern for-profit corporations (they had shareholders)**



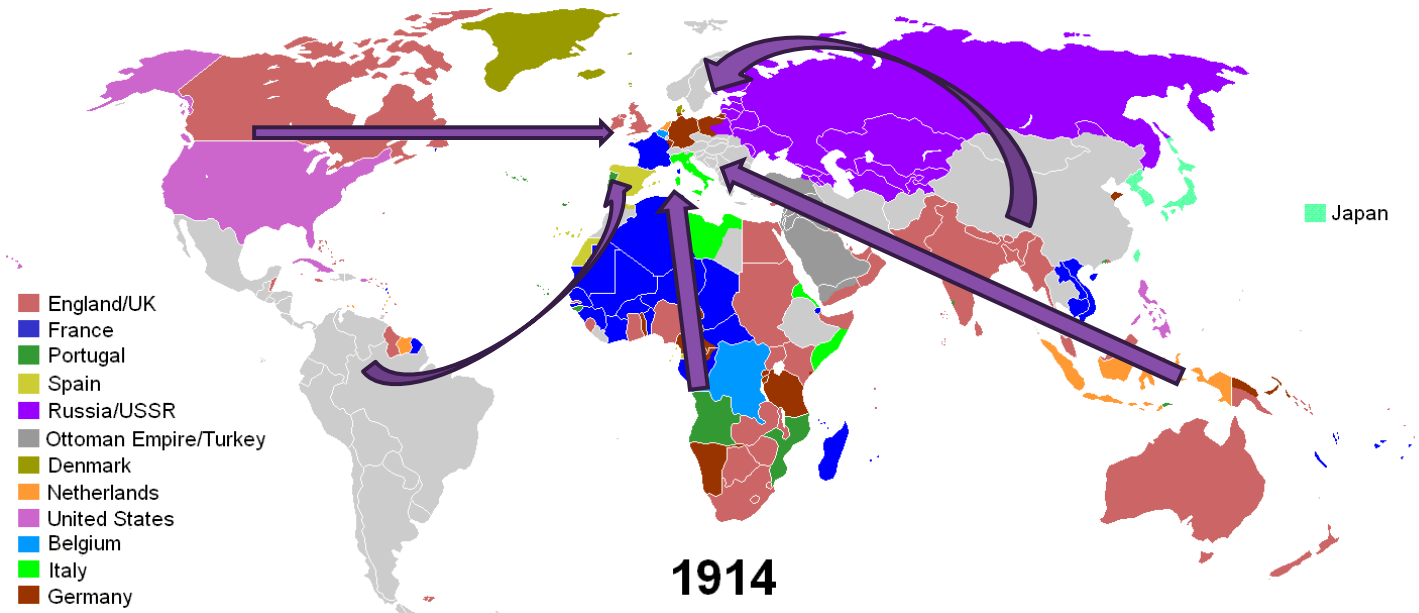
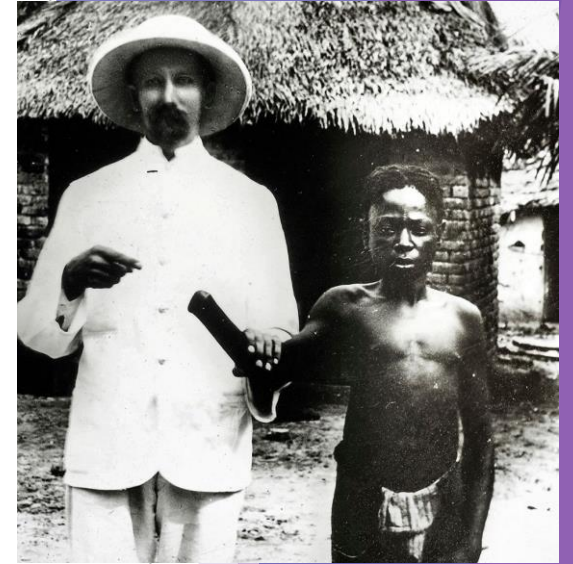
Shareholders and Stock Markets

- ▶ The first stock exchange was set up by the Dutch East India company in 1602 - the Amsterdam Stock Exchange
- ▶ A key part of capitalism involves investing money with the goal of making more money
- ▶ Capital (that is, money or wealth) becomes a **factor of production** (something that is used in order to generate more wealth)



Why Was This Significant to the Story of Capitalism?

- ▶ Natural resources extracted from colonies → wealth accumulating in Europe
- ▶ The UK in India: “In 1600, when the East India Company was founded, Britain was generating 1.8% of the world’s GDP, while India was producing 22.5%. By the peak of the Raj, those figures had more or less been reversed: India was reduced from the world’s leading manufacturing nation to a symbol of famine and deprivation.” (William Dalrymple)



How Britain stole \$45 trillion from India

And lied about it.



Jason Hickel

Professor at the Institute for Environmental Science and Technology (ICTA-UAB) and Fellow of the Royal Society of Arts



Component #2: Weakening of the Feudal Order (~1500-1750)

- ▶ The serf/lord relationship broke down:
 - ▶ Lords fenced off or sold off land to grow commodity crops or produce wool
 - ▶ **Enclosures:** common farming land was fenced off from people
- ▶ Turned land into a **factor of production** as well (something that was commodified and used to produce further wealth)



Peasants → Daily Wage Labourers

- ▶ The third factor of production in capitalism: a **labour market**
- ▶ In capitalism, human labour is also treated as a commodity, which can be “bought” by employers for a particular price
- ▶ Wage labourers in this period had few rights or protections

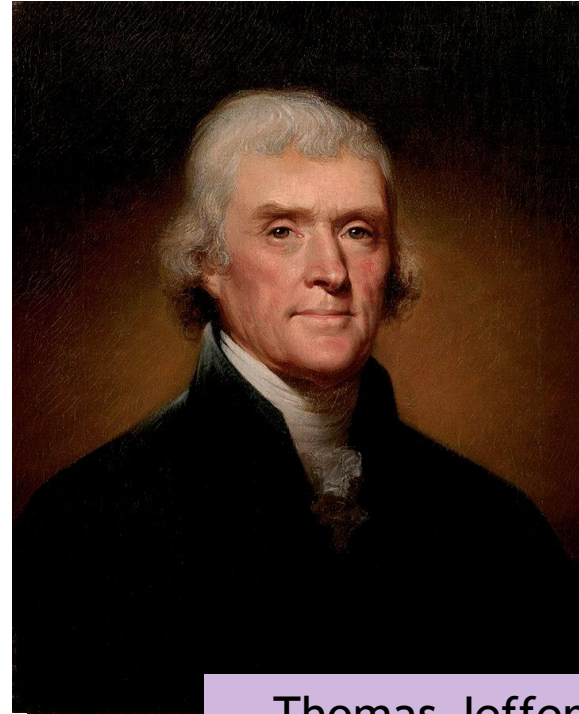
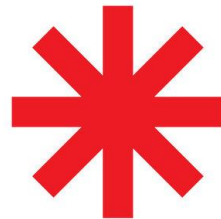
Table 3.2 Proportion of English Peasants Employed as Wage-Labourers, 1086-1688

Date	% of peasants employed as wage-labourers
1086	6
1279	10
1380	12
1540-59	11
1550-67	12
1600-10	35
1620-40	40
1688	56

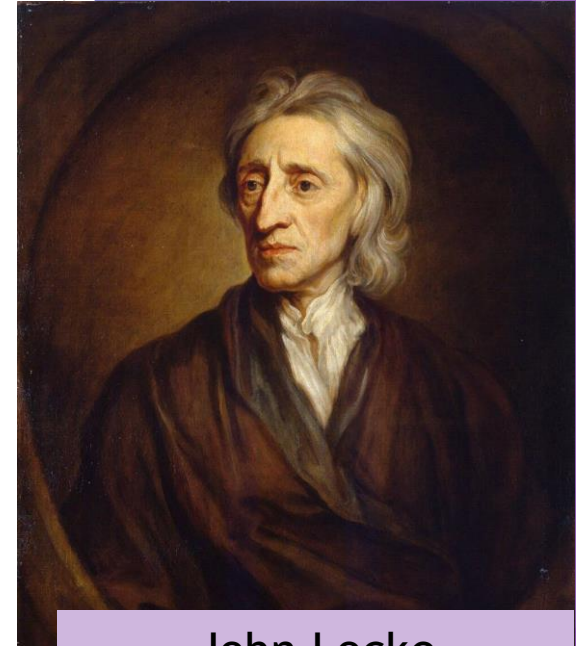
Source: Richard Lachman, *From Manor to Market: Structural Change in England, 1530-1640*, p. 17

Component #3: Spread of New Political and Economic Ideas

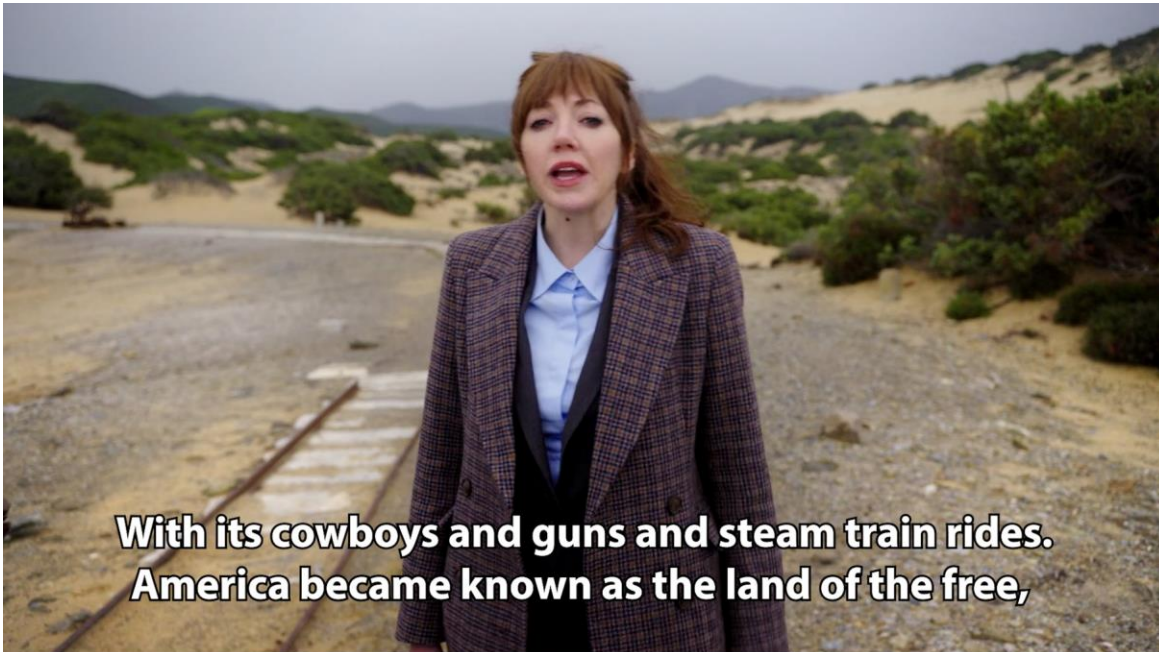
- ▶ People are born with **individual rights** - freedom of religion, freedom of thought, the freedom to own and trade property, etc.
- ▶ John Locke: each person was born with natural rights to “life, liberty, and property”
- ▶ American Declaration of Independence (1776): “We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain **unalienable Rights**, that among these are **Life, Liberty and the pursuit of Happiness**. -- That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed”



Thomas Jefferson



John Locke



Universal Rights in Theory - *In Practice*

These Rights

Excluded:

- Slaves
- Indigenous people
- Women
- Working class people

Economic Rights and the Free Market

- ▶ Since people had rights to life, liberty, and property, the role of government was to protect these rights and not interfere in people's lives
 - ▶ Protections for **intellectual property (patents)**
- ▶ There should be a “**free market**” for capital, labour, land, and goods, and that the government shouldn't interfere in this free market
- ▶ Adam Smith: given free **competition** between private businesses, the “**invisible hand**” of supply and demand would determine what prices and wages should be
 - ▶ **Competition** would produce the best outcome for society without government involvement
- ▶ The “**laissez-faire**” approach



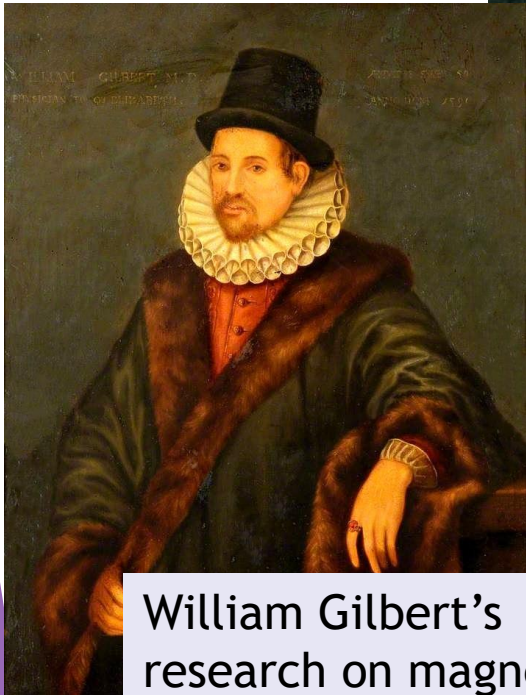
New Ideas About Human Nature:

- ▶ People are basically self-interested: they act out of interest for themselves and their immediate families
- ▶ Basic unit is the individual, not the village, caste, feudal estate, etc.
- ▶ Margaret Thatcher: “there's no such thing as society. There are individual men and women and there are families.”
- ▶ Selfish individuals pursuing their own interests will produce a good outcome for society at large

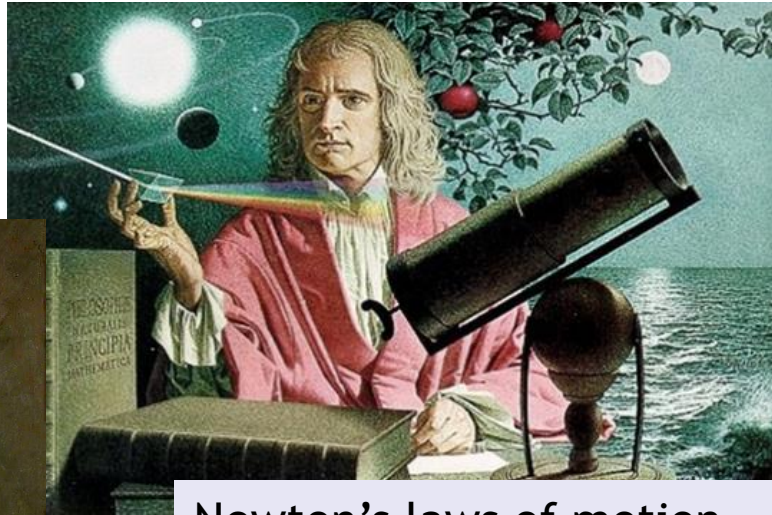


Margaret Thatcher

Component #4: Advances in Science and Technology (Scientific Revolution and Thereafter)



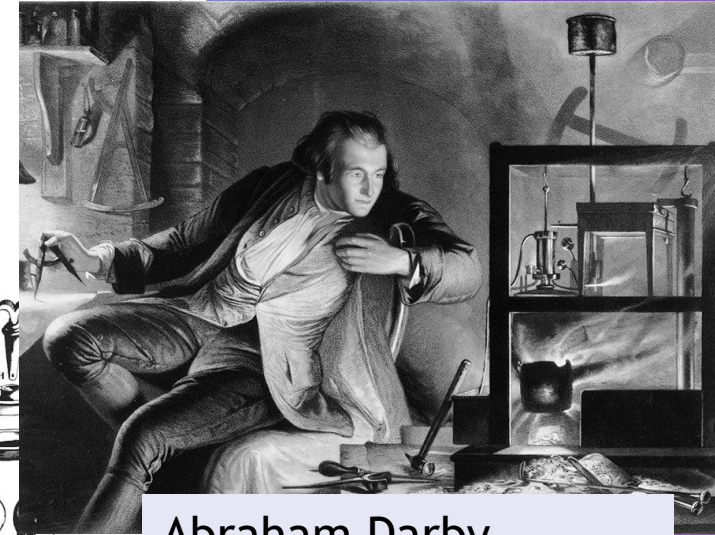
William Gilbert's research on magnetism and electricity, 1600



Newton's laws of motion, 1687

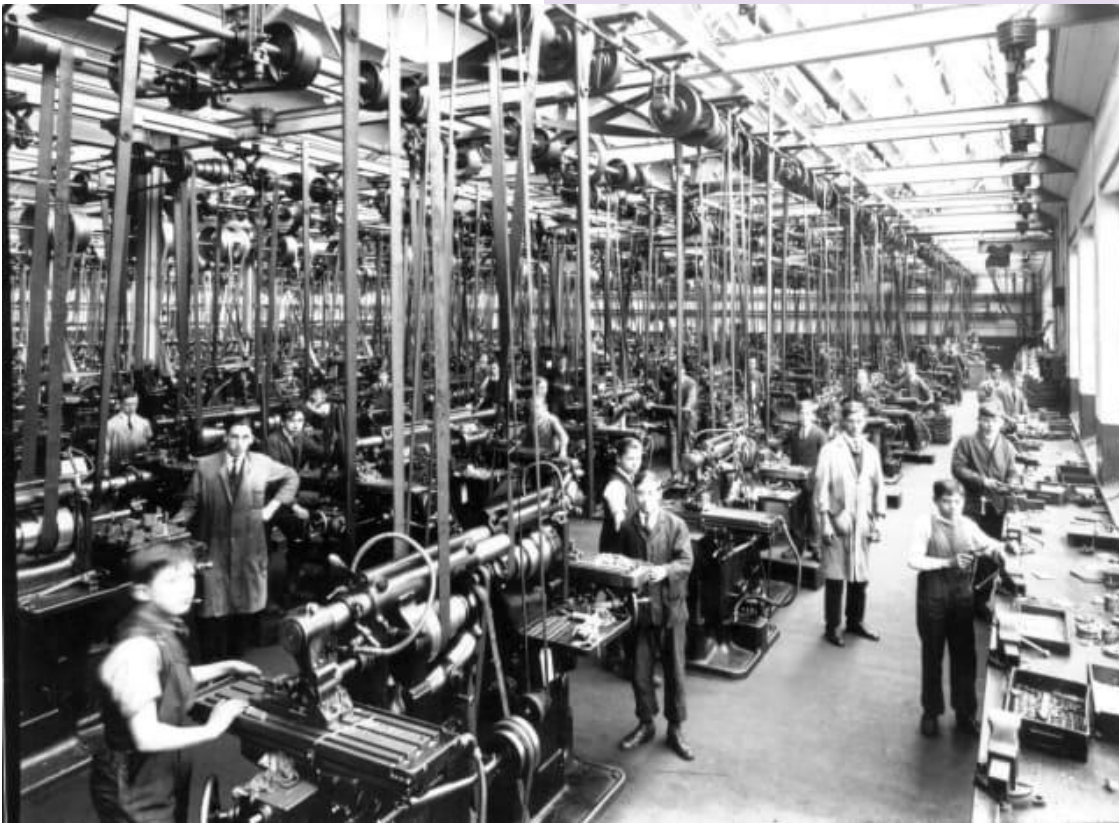


Robert Boyle's research on atmospheric pressure: his 1661 air pump



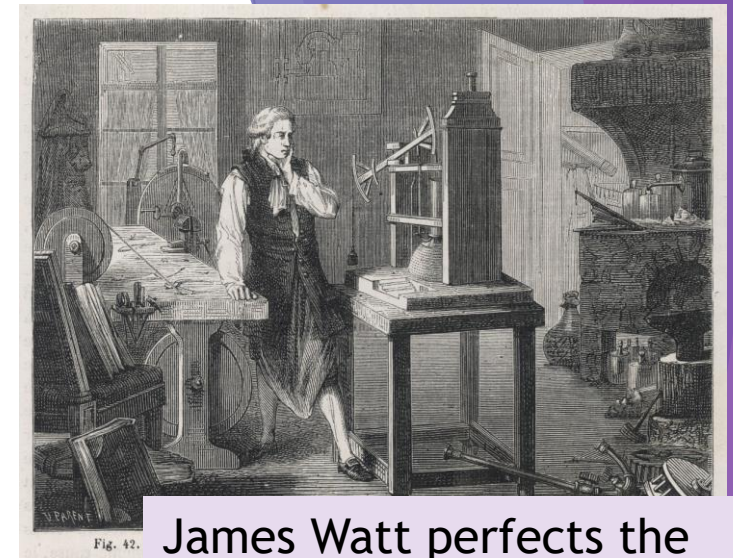
Abraham Darby improves the smelting of iron, 1709

The Industrial Revolution and Its Consequences



Industrial Revolution (~1760-1840) (Second Industrial Revolution (1870-1914))

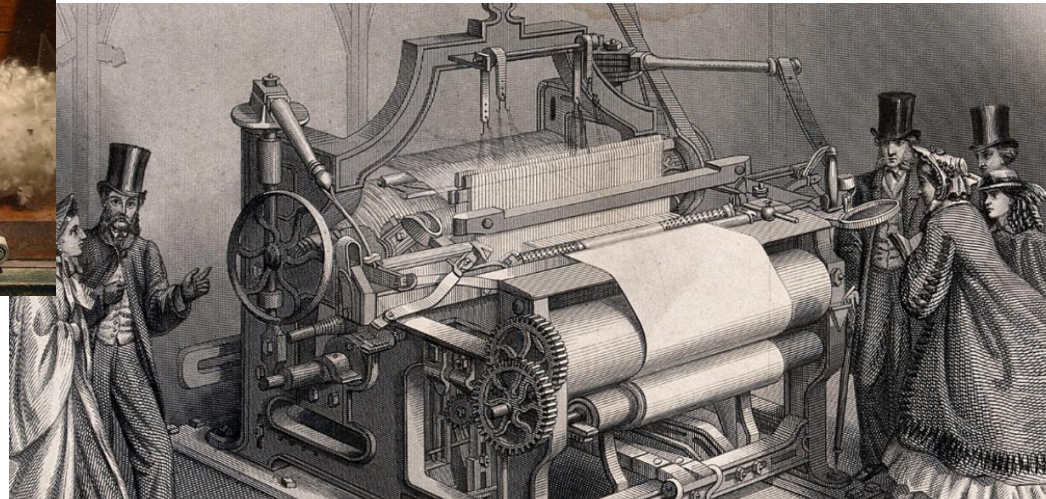
- ▶ Various labour-saving machines were invented like the steam engine, the cotton gin, and the power loom
- ▶ Made use of new sources of power like coal and electricity



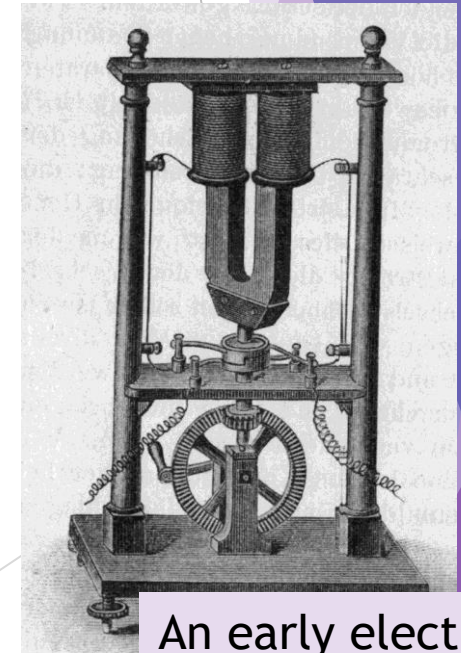
James Watt perfects the steam engine



The cotton gin invented by Eli Whitney



The power loom, invented by Edmund Cartwright



An early electrical generator built by Hippolyte Pixii, 1832

A Social Transformation:

- ▶ Transformed labour and society: work shifted to large factories in which the job of making a product was divided into small parts between people



A Capitalist Economy

- ▶ The presence of the three **factors of production** that are needed for production for profit: capital (money for investment), land, and labour
- ▶ The **political and economic infrastructure of capitalism**: laws protecting people's property rights and intellectual property; lending money with interest; corporations and shareholders
- ▶ The transformation of society into a **capital-holding class** and **wage-earning class**
- ▶ Most economic activity centred around **privately owned production for profit**



What Caused The Industrial Revolution?

New political and economic rights
(including for patents)



New technologies



Wealth and
resources from
imperialism and
colonialism

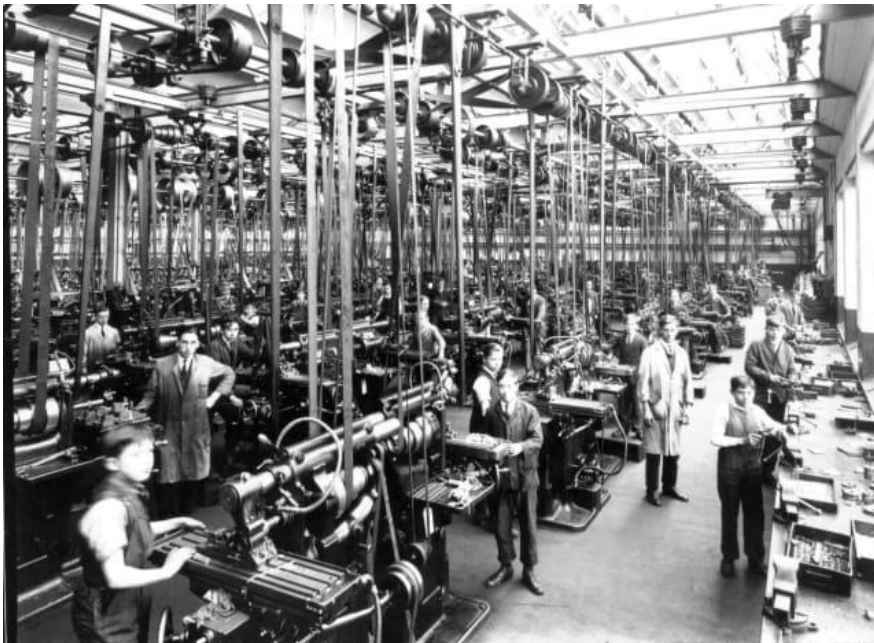


New sources of
labour (due to
enclosures and
slavery)



Capacity and incentive to
create and use new
technologies for large-scale
production

*in contrast to the slow pace
of technological innovation
during the Middle Ages



What are the pros and cons of an economy centred around private production for profit?

...compared to past systems, or other possibilities...

What Were Some of the Positives of This New System?

- ▶ More technological innovation
- ▶ More economic prosperity (as measured by the total number of goods and services produced in the economy)
- ▶ “*Things* became more common....Shoes, coats, paper, window glass, chairs, buckles...became everyday articles” (“Capitalism”, 21)
- ▶ More choice: *more* people had certain rights that they didn’t have before the Industrial Revolution, like legal freedom of movement and the legal right to leave a job and take up another one

What Were Some of the Negatives of This New System?

- ▶ More precarity: life became a lot less stable and secure
 - ▶ “[E]conomic freedom also had a harsher side. This was the necessity to stay afloat by one’s own efforts in rough waters where all were struggling to survive” (“Capitalism”, 17)
- ▶ For many people, grueling, repetitive, and uninteresting work in harsh or unsafe working conditions, with few rights
- ▶ Exploitation and abuse of some in order to produce wealth for others
- ▶ A growth in economic inequality

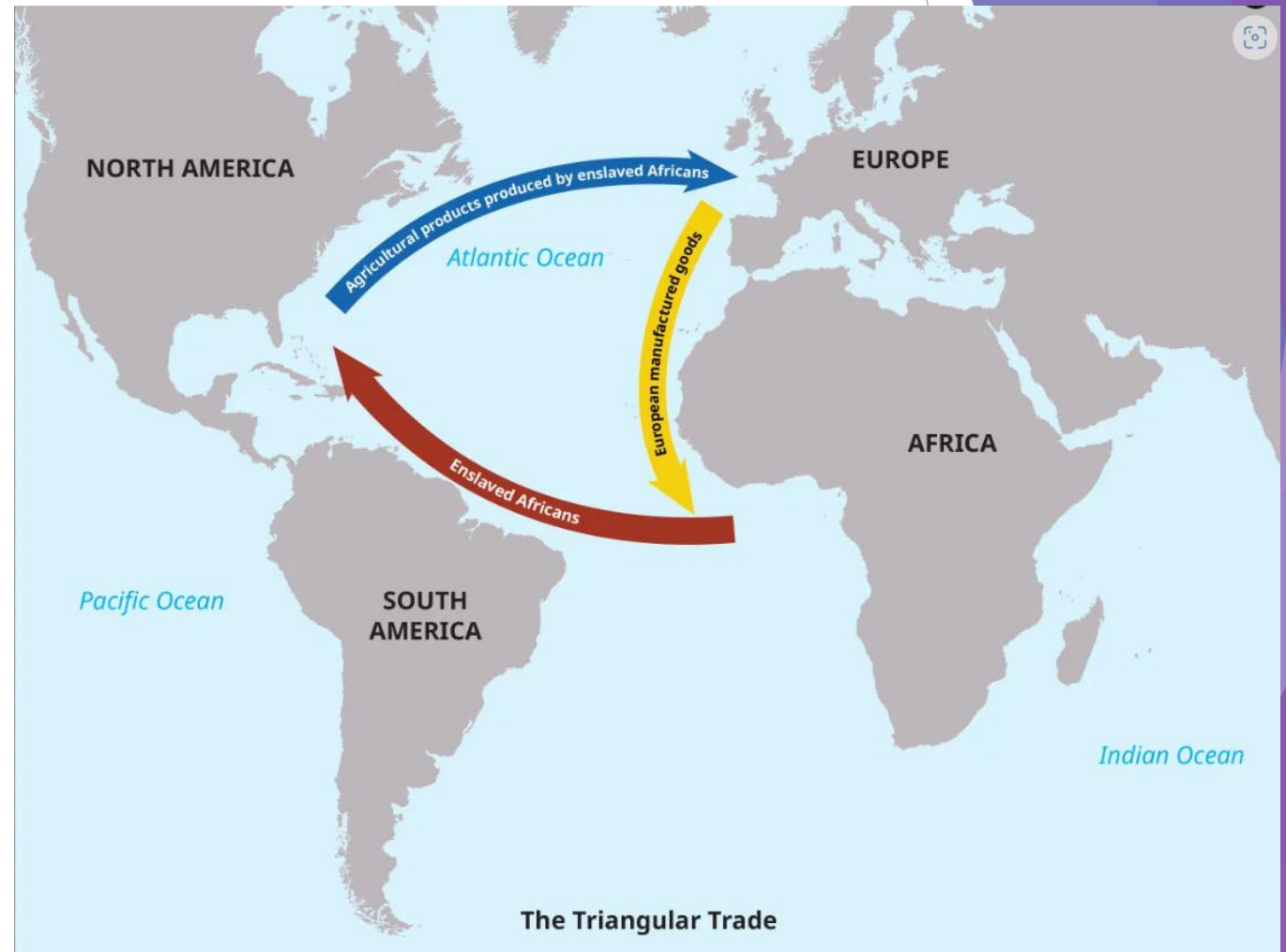
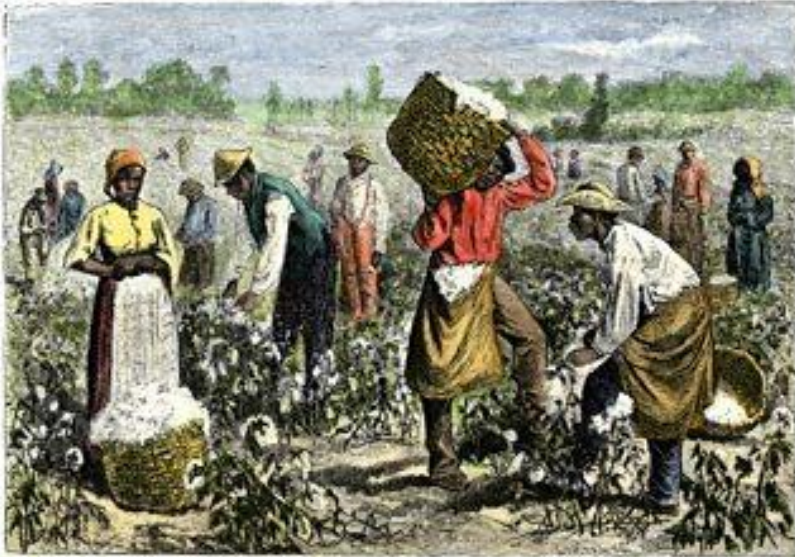
The Biggest Commodity: Cotton

- ▶ To make the use of the cotton ginny feasible, there had to be enough cotton grown and picked
- ▶ Land for growing cotton: the American government took land from Indigenous people in Georgia, Alabama, Tennessee and Florida and sold that land very cheaply to white settlers
- ▶ Indigenous peoples in the southern United States (the Cherokee, Chickasaw, Choctaw, Muscogee, and Seminole nations) were displaced from their ancestral lands in what is now the American Deep South
- ▶ **The Trail of Tears:** from 1830-1850, 60 000 Indigenous people were forcibly displaced to what is now Oklahoma



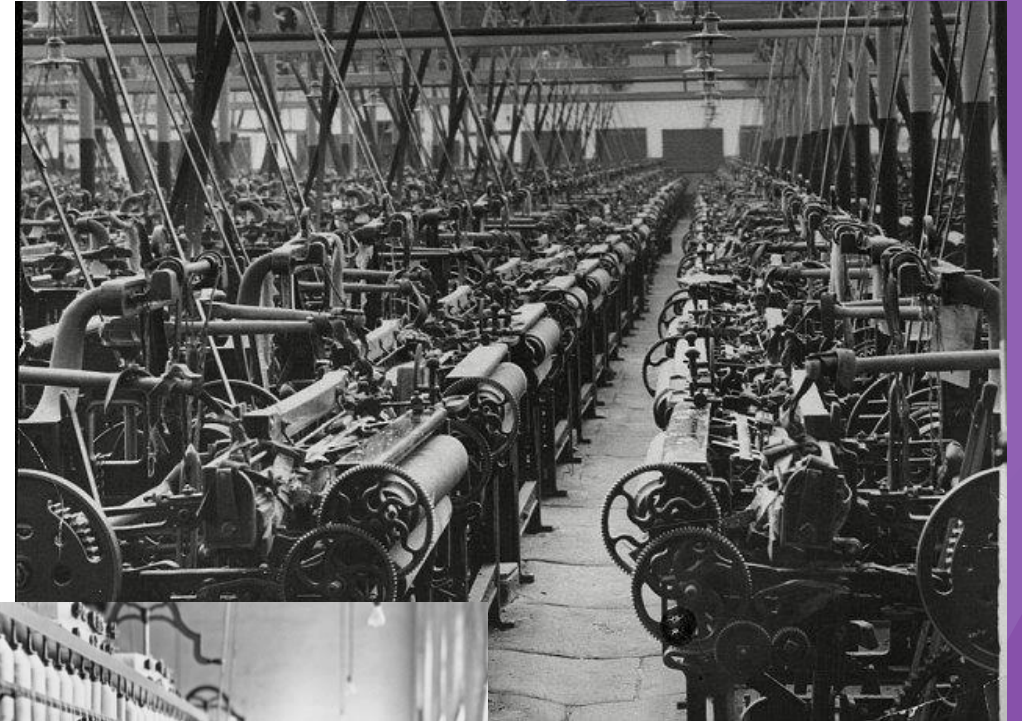
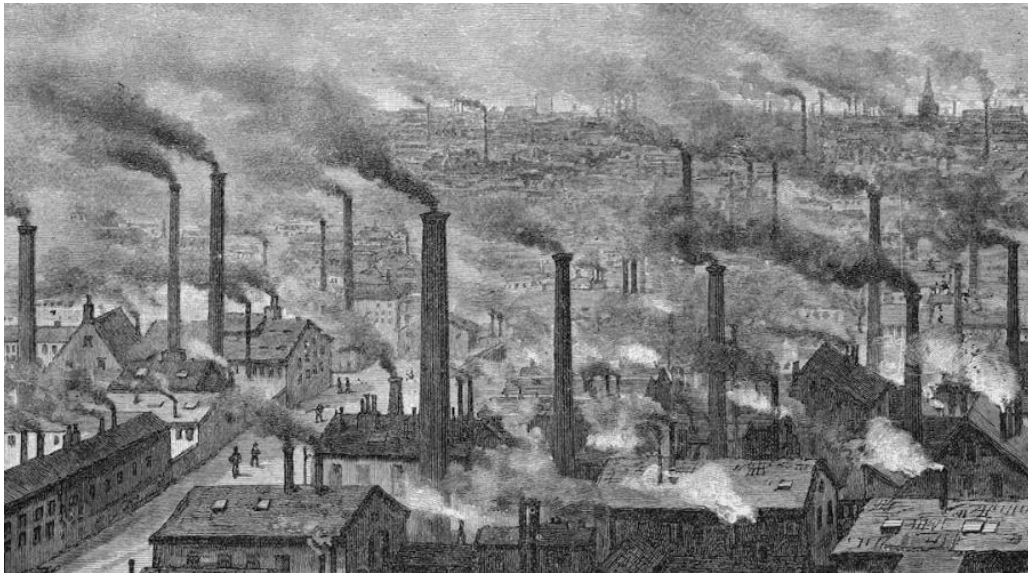
The Biggest Commodity: Cotton

- ▶ Cotton plantations used slave labour
- ▶ Slavery helped turn the USA into the world's 2nd largest economy by 1861



A New Kind of Work in Factories...

- ▶ This cotton was shipped to large cotton mills
 - ▶ For example: Manchester: “Cotonopolis”
- ▶ Who worked in these factories? The landless peasants



What Was It Like To Be a Worker During the Industrial Revolution?

- ▶ Very poor conditions in cities for workers
- ▶ Long shifts (12-16 hours) 6 days a week, no vacation time
- ▶ Grueling, repetitive work
- ▶ Unsafe work conditions: frequent accidents, lung and eye conditions
- ▶ No sick days; no protections like unemployment insurance, old age pensions, disability pensions, or medicare
- ▶ Little bargaining power:
 - ▶ No minimum wage laws
 - ▶ Unions (and begging!) illegal
- ▶ Little class mobility: most children worked to help support their families

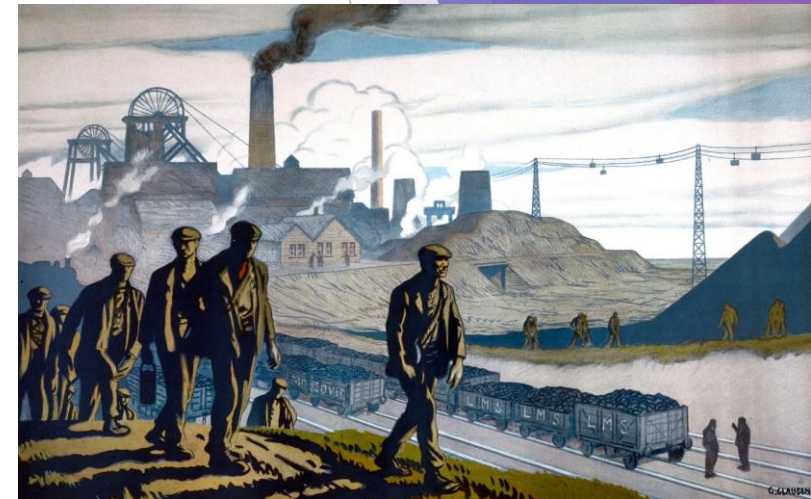


Criticisms of Capitalism at This Time:

- ▶ It didn't really make the average person more free
- ▶ Conditions of work were exploitative and inhumane
- ▶ The division of labour makes work became less meaningful to the worker

Workers Have Just Become “Cogs in the Machine”

- ▶ Karl Marx: workers are used as *tools* by those who own the means of production
- ▶ Workers end up feeling **alienated** from their work *and* from fellow workers:
 - ▶ Workers lack control over what they do and how they do it
 - ▶ They can't develop and express their physical and mental abilities in their work
 - ▶ They are pitted against one another: “the social war, the war of each against all, is here openly declared...people regard each other only as useful objects; each exploits the other, and the end of it all is that the stronger treads the weaker under foot; and that the powerful few, the capitalists, seize everything for themselves” (*Condition of the Working Class in England*, Friedrich Engels)
- ▶ Since work is an important part of life, feeling detached from work means feeling detached from yourself



Alienated Labour

- ▶ Marx: “What, then, constitutes the alienation of labor?... The worker...in his work feels outside himself. He feels at home when he is not working, and when he is working he does not feel at home.” (“Estranged Labour”)



Worker Demands

- ▶ Workers organized for the **right to vote** and the **right to form unions**
- ▶ Child labour outlawed and children's education publicly funded
- ▶ Laws were passed regulating the conditions of work (8 hour workdays, weekends, workplace safety laws, minimum wages)



Today:

- ▶ We have a capitalist economic system within certain limits of governmental regulation, with some social services provided by the state
- ▶ Debates remain about whether capitalism is a fair economic system
- ▶ Globalization has replicated many of the same problems of the Industrial Revolution in other parts of the world



Historical Parallels



Rana Plaza factory collapse (Dhaka, 2013)



Triangle Shirtwaist factory fire (New York City, 1911)

**WE LIVE IN
CAPITALISM.
ITS POWER SEEMS
INESCAPABLE.
SO DID THE DIVINE
RIGHT OF KINGS.
URSULA K. LE GUIN**