

Many thinkers tried to understand the staggering changes taking place in the early Industrial Age. These thinkers looked for natural laws that governed the world of business and economics. Middle-class business leaders embraced the *laissez-faire*, or "hands-off" approach, believing that a free market would eventually help everyone, not just the rich. However, one British *laissez-faire* economist, **Thomas Malthus**, felt that the population would grow faster than the food supply. As long as the population kept growing the poor would suffer. He opposed any government help including charity and vaccinations. He urged families to have fewer children.

Other thinkers sought to modify *laissez-faire* ideas to justify some government intervention. The British philosopher and economist **Jeremy Bentham** advocated **utilitarianism**, or the idea that the goal of society should be the "greatest happiness for the greatest number" of citizens. Bentham's ideas influenced the British philosopher and economist John Stuart Mill. Although he strongly believed in individual freedom, Mill wanted the government to step in to improve the hard lives of the working class.

To end poverty and injustice, others offered a radical solution—**socialism**. Under socialism, the people, as a whole rather than as individuals, would own and operate the **means of production**—the farms, factories, railways, and other businesses that produced and distributed goods. A number of early socialists, such as **Robert Owen**, established communities where all work was shared and all property was owned in common. These early socialists were called **Utopians**.

**Karl Marx**, a German philosopher, formulated a new theory—a form of socialism called **communism**, in which the struggle between social classes would lead to the creation of a classless society. According to Marx, the modern class struggle pitted the bourgeoisie against the **proletariat**, or working class. In a classless, communist society, people's struggles would end because wealth and power would be equally shared. In the 1860s, Germany adapted Marx's beliefs to form a **social democracy** in which there was a gradual transition from capitalism to socialism.

## Review Questions

1. Why did middle-class business leaders support *laissez-faire* economics?

2. How did utilitarians seek to modify *laissez-faire* ideas?

### READING CHECK

Who were the Utopians?

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### VOCABULARY STRATEGY

What does the word *formulated* mean in the underlined sentence? What clue can you find in the base word, *form*? Use the meaning of *form* to help you figure out what *formulated* means.

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### READING SKILL

**Identify Main Ideas** Explain the main ideas of Karl Marx's theory.