





MMW122: August 11th, 2015



Lecture #3: Revolutions, Economic and Political

What is Heroic?



What is Heroic?



What is Heroic?



Competitive States

- The states of Europe found themselves in something like a constant state of war with other states.
- To secure power and plenty, European states sought to gain power over other states.
 - Commerce and trade as a source of power
 - Guided by mercantilism

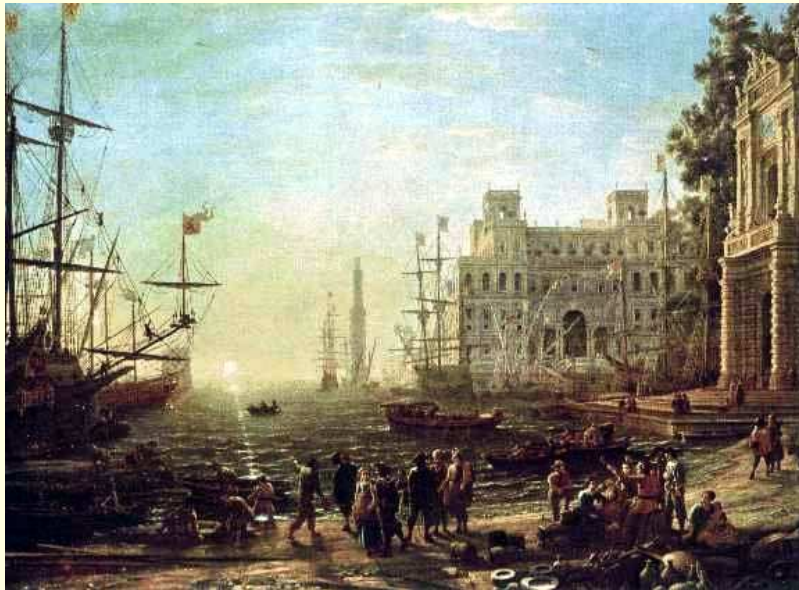
Mercantilism

- In the 17th and 18th centuries economic thought and practice were carried out according to principles of “mercantilism”.
- Economy controlled and guided by the state in order to gain power over other states.
 - States sought to gain power through:
 - Trade surplus
 - Accumulation of precious metals
 - High tariffs

Mercantilism

- Trade is competitive
 - Exports are good
 - Imports are bad
- Politics drove economics
 - States competed with one another for colonies and trading rights; they sought to exclude each other
 - Associated wealth with money/gold, which they assumed was of a fixed quantity
 - One man's gain is another man's loss

Power and Plenty



- “Wealth is power and power is wealth.”

-Thomas Hobbes

- “The great object of the political economy of every country, is to increase the riches and power of that country.”

-Adam Smith

Physiocracy

- The Physiocrats believed that the wealth of nations derived from land
 - China as inspiration
 - Farmers the true source of wealth
 - William Jennings Bryant on cities and country
 - “I tell you that the great cities rest upon these broad and fertile prairies. Burn down your cities and leave our farms, and your cities will spring up again as if by magic. But destroy our farms and the grass will grow in the streets of every city in the country.”
- The production of other goods and services came from consumption of the resource surplus
 - Raw resources like agriculture, oil, coal, and other bounties of the land were real wealth

Physiocracy

- Physiocrats advocated:
 - Low, consistent taxes
 - Free trade
 - Less government interference in markets
 - If food prices were artificially lowered during shortages, there would be a disincentive to produce more food.

The Passions and the Interests

- Increasing acceptance of self-interest as a legitimate motive of human action
- The challenge of the capitalist
 - Who are the bourgeoisie?
 - They are the “middle-class” broadly defined. They are shopkeepers, businessmen, industrialists, and bankers.
 - They are people who have labored and saved and gained ownership over some part of the “means of production” (capital).
 - They are the capitalists

The Bourgeois

- You might translate bourgeoisie as the “Middle-Class” or as the capitalists.
 - The owners of capital and its related culture
 - The word derives from Old French *burgeis* meaning walled city
 - Neither workers nor aristocratic landlords
 - There are the *haute bourgeoisie* and the *petite bourgeoisie*
- During the 17th and 18th centuries, the bourgeoisie battle to end feudal privileges and then later to prevent worker uprisings

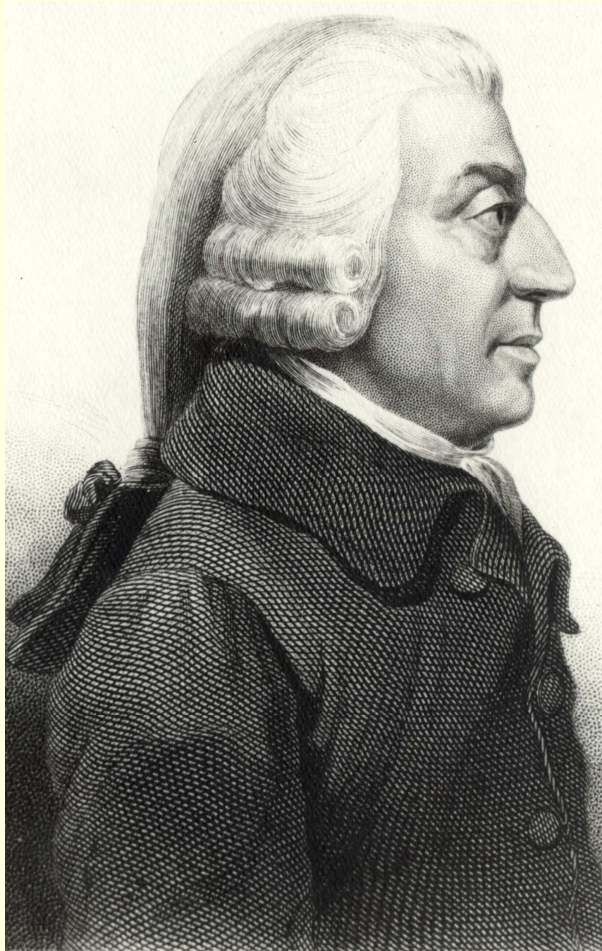
Bourgeois Values

- The “middle-class” bourgeoisie push for constitutional government based on natural right.
- Political values:
 - No privileges
 - Personal liberty
 - Free trade
 - Protections to private property
- Personal values:
 - Business ethic of self-interest rather than honor
 - Work hard and delay gratification
 - “Conventional” tastes and mores
 - The sort of people who are shocked by modern art and tattoos

The Domestic Life



Adam Smith



- 1723-1790
- Scottish Social Philosopher
- *The Wealth of Nations* (1776)
- Father of Classical Economics

Adam Smith

- “Little else is required to carry a state to the highest degree of opulence from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice”

-Adam Smith

The Division of Labor

- The parable of the pin factory
 - Example from *Wealth of Nations*
- Specialization leads to industriousness
- Expertise leads to innovation
- Skilled craftsmen become unskilled assemblers

The Profit Motive

- According to Adam Smith, the price system driven by supply and demand acts most efficiently to allocate resources within the economy.
 - The price system guides business to produce what people want
- Shoes and hats
- Demand for workers
- The benefits of competition
- Self-regulation

The Invisible Hand

- “It is not from the benevolence of the butcher, the brewer, or the baker, that we can expect our dinner, but from their regard to their own interest”
- Self-regarding people can act collectively for the good of all by looking to their own business and responding to profit.

Laissez faire

- The best policy for governments is to leave the economy alone.
 - *Laissez faire* means “to let it be”

Problems of the Free Market

- But! There are some reasons for the government to get involved
 - Monopolies
 - Cartels
 - A nation of shopkeepers to a nation of dumb automatons
- Government action needed to overcome these

Comparative Advantage

- English Cloth and Portuguese Wine
 - The English and the Portuguese will both be better off if they concentrate on what they do best and then trade.
 - This is David Ricardo's law of comparative advantage.
- Today, Americans trade Boeing airplanes, Hollywood movies, and Midwestern wheat for German cars and chemicals.

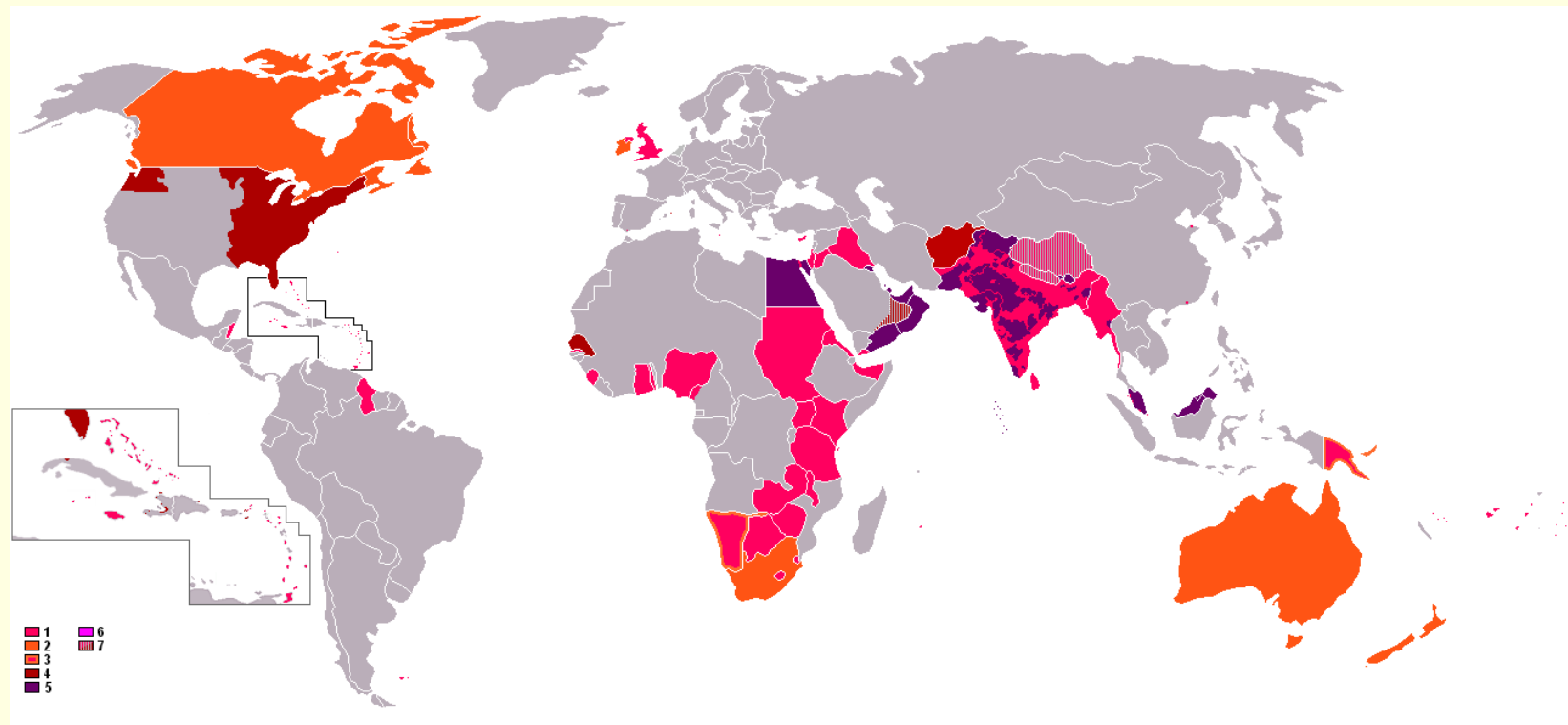
Free Trade

- Historically, the British pushed other countries to engage in free trade. British manufacturing developed rapidly in the 19th century, and England became known as the workshop of the world.
- Germany and the United States industrialized later, but would pass Britain by the late 19th century to become the premier industrial economies of the world.

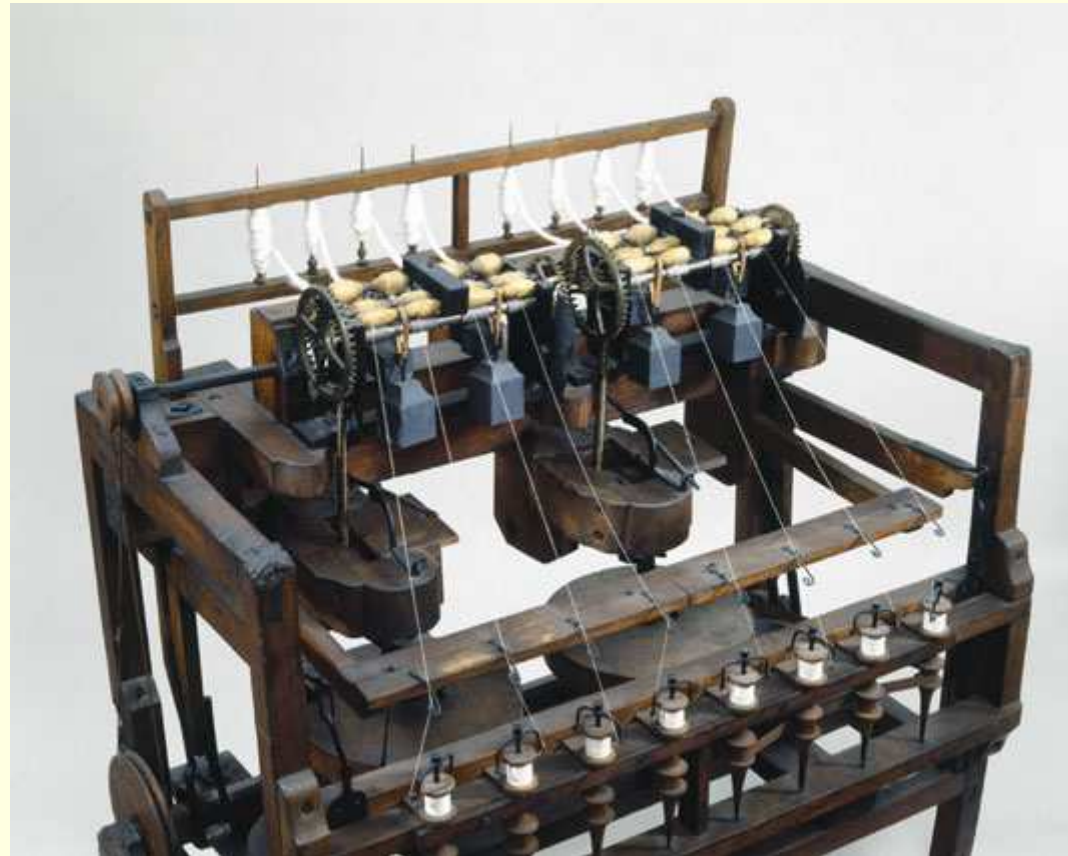
Resistance to Free Trade

- A number of countries resisted British calls for free trade because they feared the consequences to their local economy.
 - Clothing manufactures in India
- A Free trade Empire?

Rule Britannia



The Era of the Machine



Andrew Ure



- 1778-1857
- *The Philosophy of Manufactures* (1835)

The Factory System

- “It is, in fact, the constant aim and tendency of every improvement in machinery to supersede human labour altogether, or to diminish its cost, by substituting the industry of women and children for that of men; or that of ordinary labourers for trained artisans.”

Child Labor



“Liberty Leading the People”



Why the French Revolution?

- The French State was broke
 - Foreign Wars
 - Heavy Borrowing
- Enlightenment ideas and American models
 - “liberté, égalité, fraternité”
 - “life, liberty, and the pursuit of happiness”
- Taxation
 - Tax Exemptions for nobility and clergy
- Corruption
 - Ridiculous pensions for wealthy families

Marquis de Lafayette



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“The Oath of the Horatii”



The *Ancien Régime*



“The Lictors Bring to Brutus the Bodies of His Sons”



“Portrait of Madame Recamier”



“The Sabine Women”



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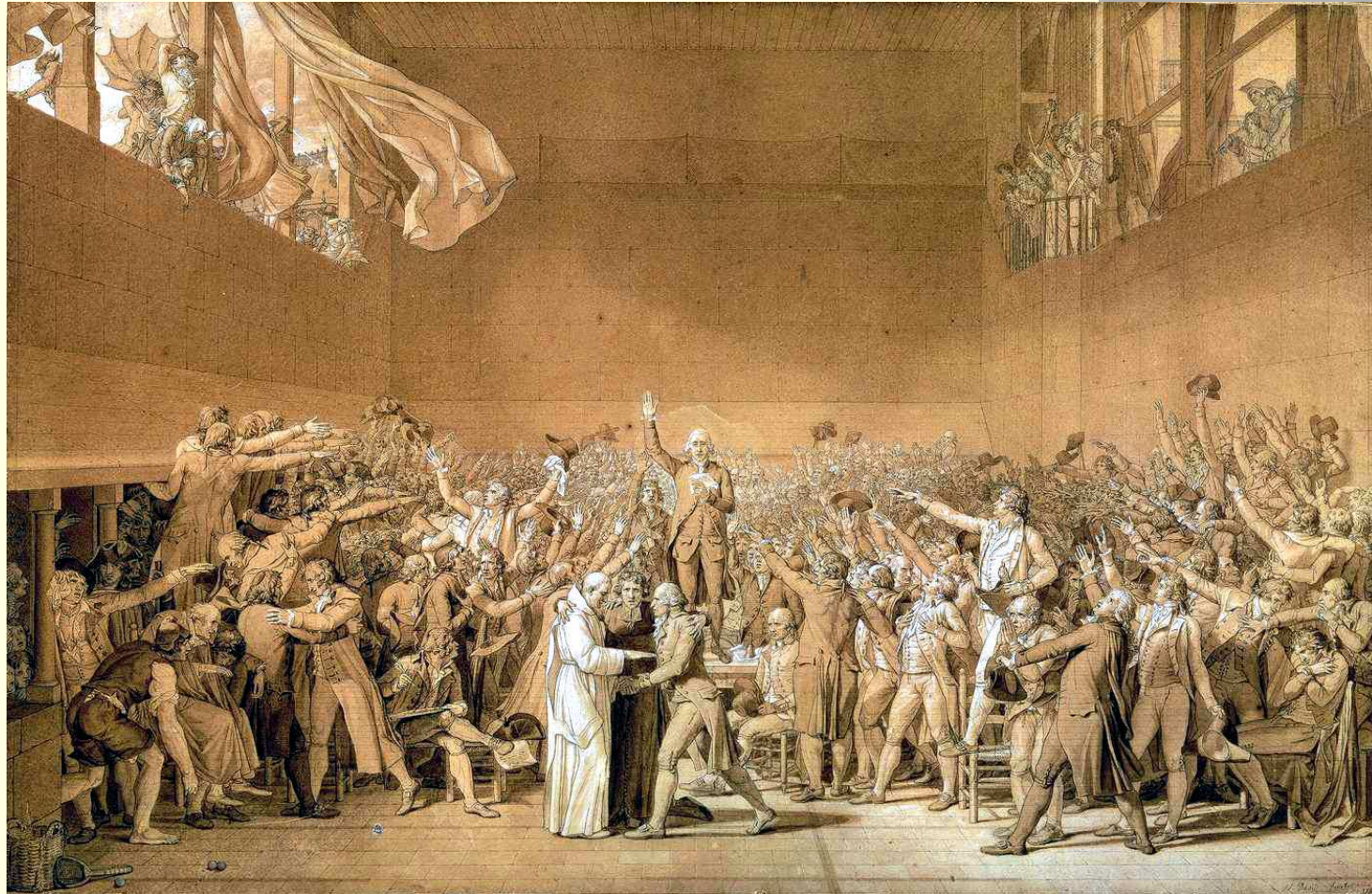
The Third Estate

- "What is the Third Estate? Everything. What has it been until now in the political order? Nothing. What does it want to be? Something."

-Abbé Sieyès

- We have talked about the three estates before:
 - First Estate: Clergy
 - Second Estate: Nobility
 - Third Estate: Commoners (Bourgeoisie, urban poor, peasants)

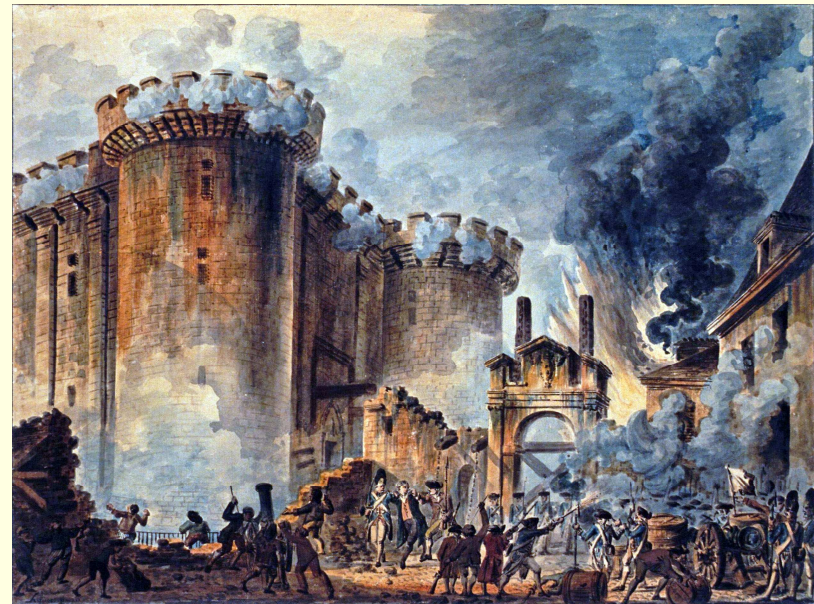
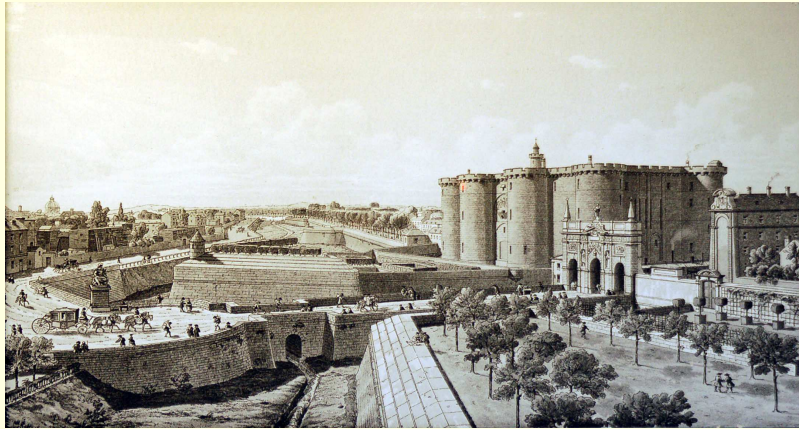
Oath of the Tennis Court



Declaration of the Rights of Man



Storming the Bastille



Sans-Culottes



Politics, Left and Right

- The terms “Left” and “Right” which we use in modern politics arose out of the politics of the national assembly
- Seated on the left were those who supported revolutionary change
 - Desiring more egalitarian social order
- Seated on the right were those who supported the institutions of the Old Regime
 - More accepting of social hierarchy

Edmund Burke



- 1729-1797
- Irish Statesman and Philosopher
- Conservative Liberal
- *Reflections on the French Revolution* (1790)

Reflections on the Revolution in France

- Nickel Summary: Better the Devil you know, than the Devil you don't know
- Burke argued that the French Revolution was likely to be a disaster, because:
 - Abstractions are dangerous and liable to end badly
- Practical solutions tend to be better
 - In government, this means preserving the institutions that work pretty well, even if they are not perfect.
 - They exist for a reason, and the wisdom of the ages should not be discarded lightly.

Reason and Reform



Reason and Reform

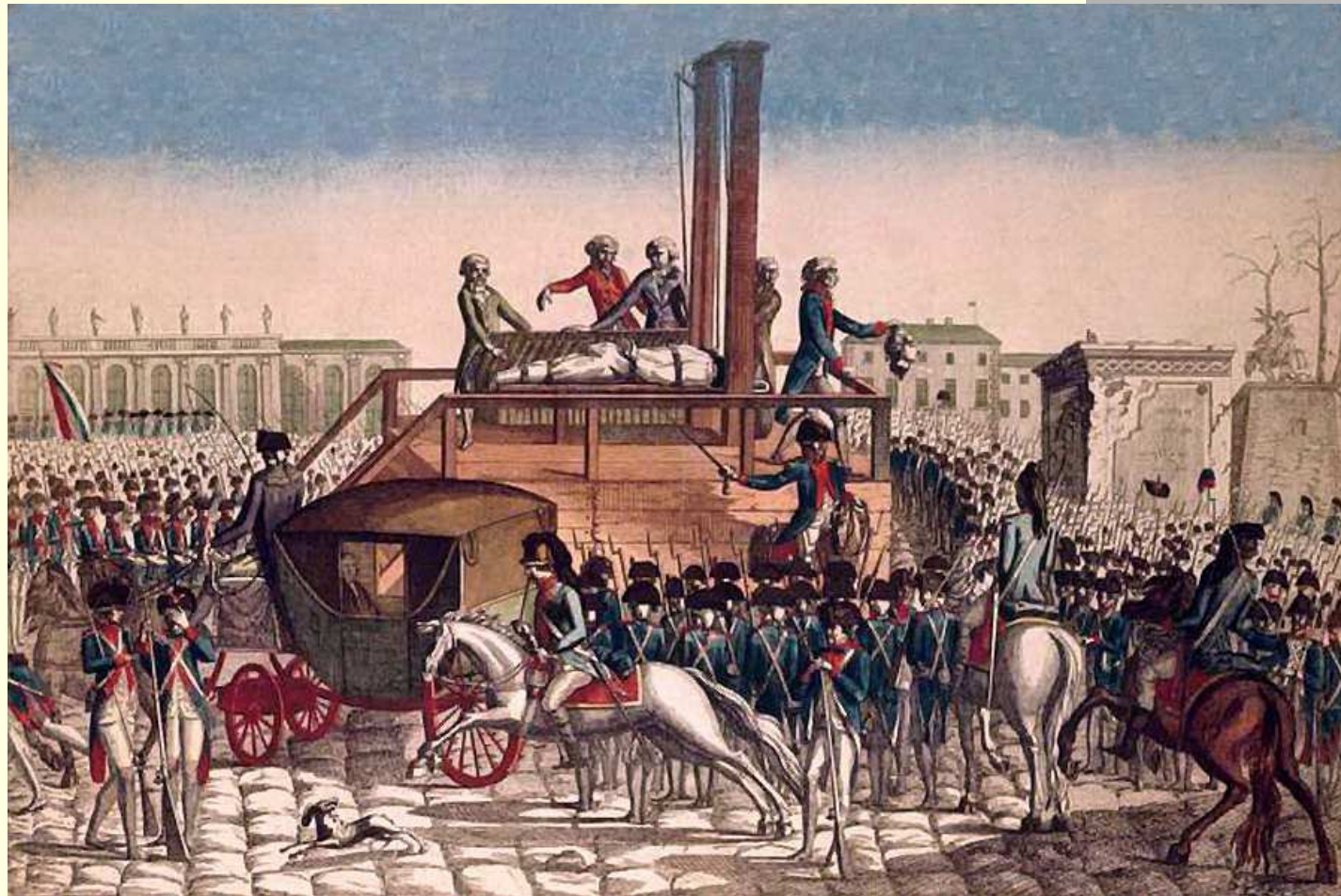


Maximilien Robespierre

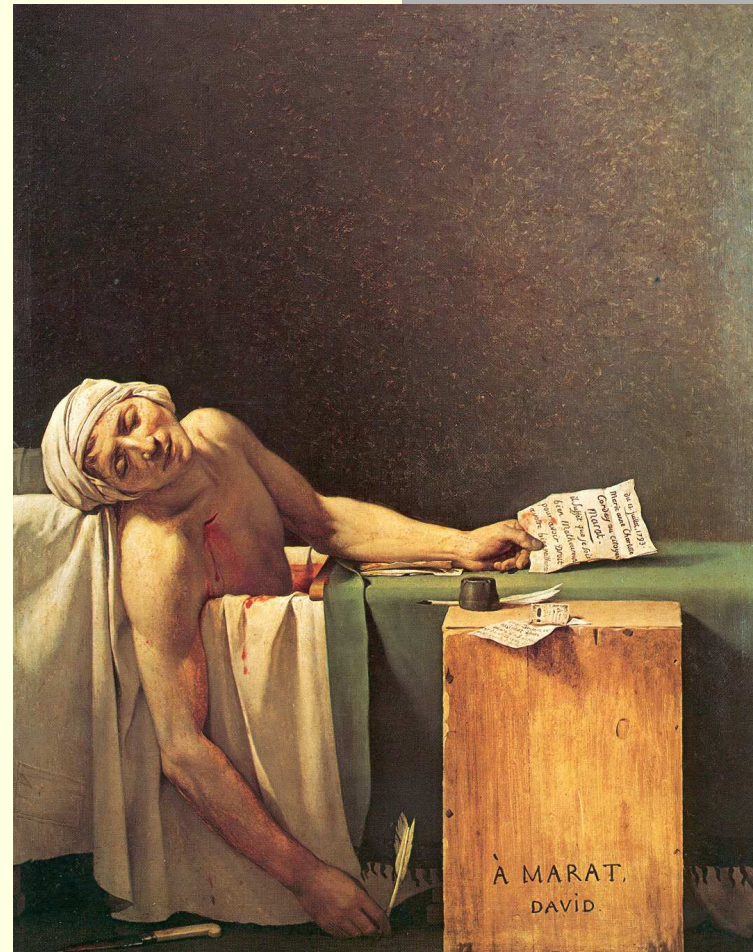


- Committee on Public Safety formed in 1793
- Vowed to protect the country from external threat and internal rebellion
- Given broad powers as a wartime measure
- “Terror is nothing other than justice, prompt, severe, inflexible; it is therefore an emanation of virtue”

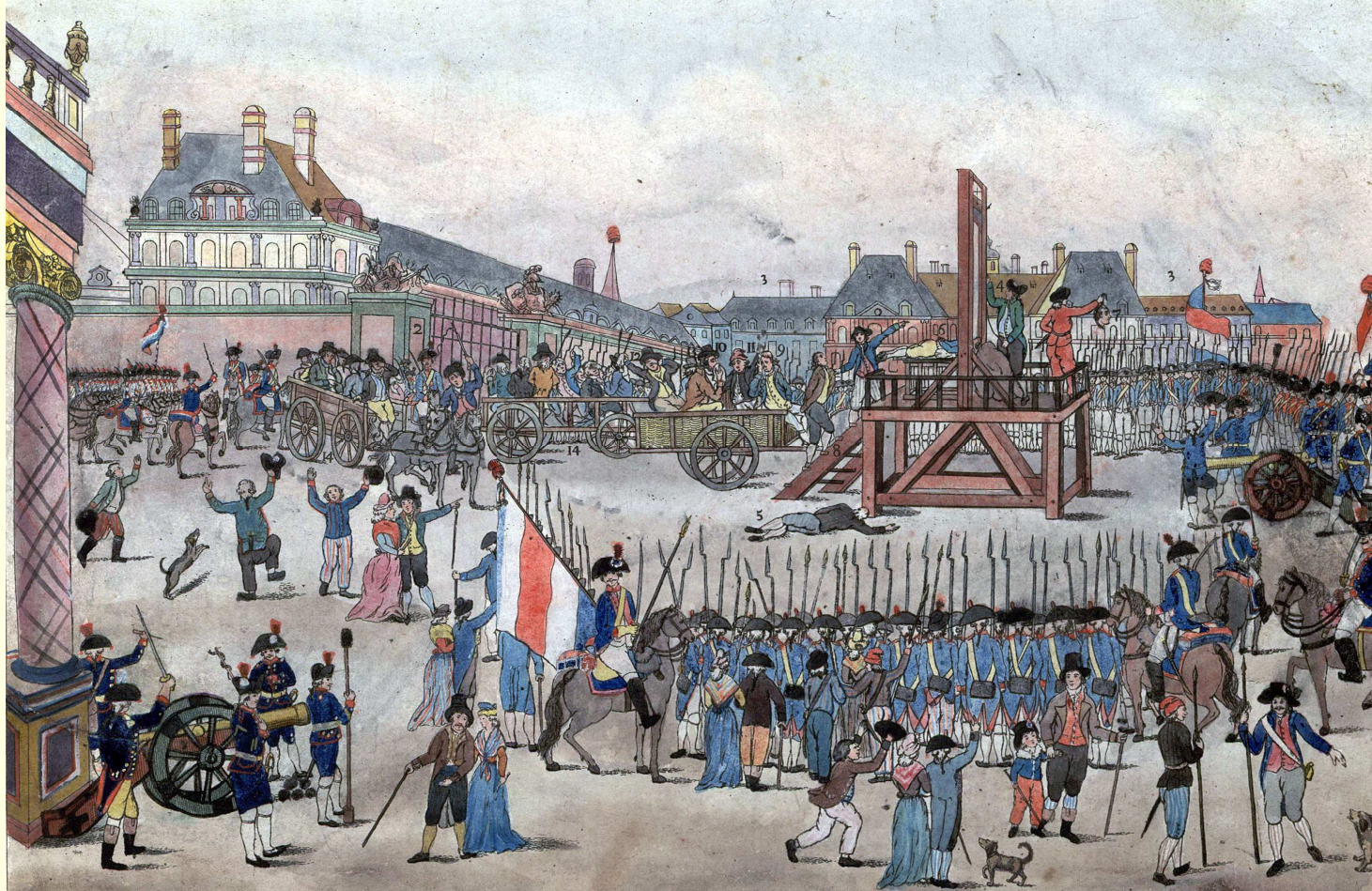
Execution of Louis XVI



The Reign of Terror



Execution of Robespierre



The Protector of the Revolution



Napoleon Bonaparte



- Lived 1769-1821
- Staged a coup d'état in 1799 to become First Consul
- Emperor from 1804-1815
- Brilliant military mind and French General

Emperor



First French Empire

TKW 15

NAPOLEONIC EMPIRE 1812



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A New Empire



The French Revolution (1789-99)

- *Cahiers de Doléances* (March and April, 1789)
- The Oath of the Tennis Court (June 20th, 1789)
- Storming of the Bastille (July 14th, 1789)
- *Declaration of the Rights of Man* passed (August 1789)
- King Louis XVI executed (January 21st, 1793)
- Reign of Terror (September 5th, 1793 – July 28th, 1794)
- Maximilien Robespierre executed (July 28th, 1794)
- The Directory in Control (1795-1799)
- Napoleon Bonaparte becomes Emperor (1800)