

CHANGING: ECONOMICS AND SOCIETIES

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Introduction

Society as we know it today is in its “early days” of implementation. Life for the average person in the developed world is so drastically different than for those who lived a mere 500 years before. The dramatic changes are due to the development and expansion of “market systems” all over the world. Economic decisions have reshaped civilization by altering the basic belief systems of society, creating and spreading wealth, improving health and increasing the education levels of the general population. The reshaping of the history of the world because of capitalism’s influence is noticeable throughout modern society in the political systems.

Belief Systems

The history of the world tells of people living in communities and worked together to sustain life through teamwork. There are three key ways to insure that life does not become ‘hopelessly disorganized.’ As discussed in *The Economic Revolution*, the first idea was through tradition, apprenticeship or custom. This allowed for regulation of who performed what skill and ensured the continuation of society by making sure all necessary trades had people that could perform them. Second, was authoritarian rule by the monarch or ruler would dictate and “use the whip” to make certain all tasks were accomplished. These two ideas were pursued for many centuries and the society survived. In some countries today, these tactics are still used. However, the progress of the society was stagnant, and “most people...wanted to be left alone to live as their fathers had lived and as their sons would live in turn” (Heilbroner, 1953, page 160-161).

The third concept was “an astonishing game in which society assured its own continuance by allowing each individual to do exactly as he saw fit...The game was called the “market system,” and the rule was deceptively simple: each should do what was to his best monetary advantage” (Heilbroner). This notion to do whatever you wished to do that you felt would be a way that could be economically

sustaining was foreign to traditional or authoritarian societies and therefore took centuries to come to full realization. There were many obstacles to overcome for a 'market system' to work in society: math and accounting skills taught to the general population, traveling merchants were often stopped many times during a single trip to pay a customs toll and each community had their own currency and lengths and measures which showed there was no standardization. Religious views of wealth and profit-making was a crime, guilds created rules and regulations limiting what people can manufacture and quality of items and gain for gain sake, known as "profit motive" was new and foreign to most of the world. "The idea of gain, the idea that each man not only may, but should, constantly strive to better his material lot, is an idea that was quite foreign to the great lower and middle strata of Egyptian, Greek, Roman, and medieval cultures" (Heilbroner, page 161).

Each of these obstacles had to be overcome in order for capitalism to become the system it is today. Each transformation impacted society in a manner that changed civilization dramatically. Religion changed with the Protestantism, education of the population in reading and mathematics became a necessity and the political structure shifted from monarchy toward democracy. People began to see that doing what was in their best interest economically created more opportunities for themselves. However, the community learned that "although each was free to go wherever his acquisitive nose directed him, the interplay of one man against another resulted in the necessary tasks of society getting done" (Heilbroner, Page 160-161). This became the basis of capitalism and a market society emerged.

The Creation of Wealth

In Middle Age Europe "the idea of "making a living" had not yet come into being. Economic life and social life were one and the same thing" (Heilbroner, page 163). It was many years, even centuries before "the market" became part of the tradition of society. Once it did, men then began to view the creation of wealth in a new light. Traditional means of sustaining life and living conditions and life had

not changed until the idea of capitalism took shape. As capitalism was integrated into society, “the conditions of human life have not only changed, but revolutionized” (Andrew Carnegie, 1889, page 196).

“Work was not yet a means to an end – the end being money and the things it buys. Work was an end in itself, encompassing, of course, money and commodities, but engaged in as part of a tradition as a natural way of life” (Heilbroner, page 163). The change in economics modified the view on the accumulation of wealth and people began to change the way they worked. Working for companies or industries developed into the mainstream of how people survived. Gaining an education and making a wage became an essential way of living. Adam Smith (1776) says “Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of society, which he has in view. But the study of his own advantage naturally, or rather necessarily, leads him to prefer that employment which is most advantageous to the society” (Page 104). The market thought moved men to learn and study and then do that which was most advantageous to themselves, which in turn helped society succeed.

As one accumulates wealth, that person can take on more risk to then effect more business. As the businessman creates more business, more workers are needed to produce the end product. As more products are created and sold, the more profit is returned to the business and the businessman. He accumulates wealth, but at the same time, the community progresses due to the product and the jobs that were created in the production of the goods and services. Smith, page106, says “All of them (private people) find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbours, and to purchase with a part of its produce, or what is the same thing, with the price of a part of it, whatever else they have occasion for.”

One change that occurred due to a change in the economic conditions was that of “foreign adventure and exploration” (Heilbroner, page 167). The economic decisions being made in Europe

during Medieval times were influenced by wars and the need to fund those wars. As the progress of ship building and exploration took place, those explorers like Christopher Columbus began to venture farther away from their homeland in search of better trade routes. As the “New World” was discovered through these adventures, the drive to explore and exploit these new lands of their resources and wealth became a national concern. The establishment of villages and colonies in the Americas became essential to the expansion of this need. “The changes from private to national exploration were part and parcel of the change from private to national life” (Heilbroner, page 106).

Improving Health

The basic necessities of “food, shelter, clothing, and fuel” (Henry David Thoreau, *Economy from Walden* in *Foundations of Business Thought*, page 62) are required to sustain life. “The grand necessity...for our bodies, is to keep warm, to keep the vital heat in us” (Thoreau, page 63) was the focus of people’s lives throughout early human history. Without this basic necessity being met, people would not survive. Robert Heilbroner (1953) states “In primitive society, the struggle between self-centeredness and cooperation is taken care of by the environment” (*Foundations*, page 161). Because much of the day and energy of man was dedicated to the struggle to create and provide these requirements of life, and the primitive nature of the solutions, the health of the population was low.

In fact, Hans Rosling shows the dramatic change that has taken place since the Industrial Revolution and the “market system” was in place. He points out that the world’s population was “poor and sick” with a lifespan of less than 40 years as late as 1810. Yet in just 200 years, the majority of countries are thriving and “wealthy and healthy” with the world’s average life expectancy being around 67 years (Hans Rosling, “The Joy of Stats,” <http://www.bbc.co.uk/programmes/p00cgkfk>, 2010). As people have pursued wealth, they have also unintentionally raised the well-being of society. As Smith

states, "By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it" (Page 106).

John D. Rockefeller, Jr. argued that it was in the best interest of the businessman must ensure employees work under "proper working conditions and living conditions" and continues by saying, "the soundest industrial policy is that which has constantly in mind the welfare of the employees as well as the making of profits" (page206). As industry grows and businesses succeed, the worker's health and wellbeing need to continue to be part of the strategy of the business. As the business takes this aspect into account, the workers will in turn be more able to help create a better business and all will thrive.

Conclusion

Society has changed drastically over the course of a few centuries. As economic decisions have been made and capitalism has taken root, the quality of people's lives have increased. Income and the standard of living has increased. Health, such as life expectancy and mortality rates of decreased. The belief systems of the world have taken on some of the aspects of the market system and views the idea of wealth accumulation in a new light. Time will tell what the next chapter in this saga of change will bring, but we can be certain that society will continue to change as businesses make new decisions.

References

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