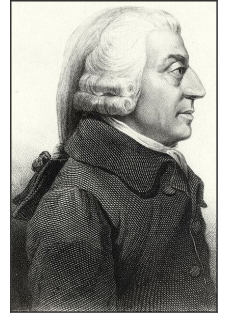


Capitalism vs. Communism Comparative Essay Assignment



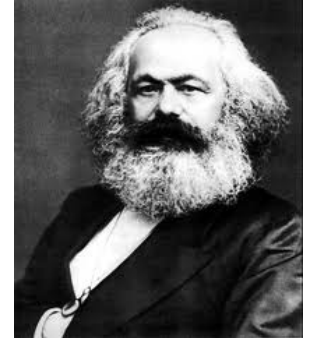
Adam Smith, often considered the father of capitalism, this 18th-century philosopher and political economist, was born in Kirkcaldy, Scotland, in 1723. Best known for his classic treatise *An Inquiry Into the Nature and Causes of the **Wealth of Nations***, he is credited with establishing the discipline of political economics. The ideas put forward in his work represented a radical departure from the then-dominant economic policy and philosophy of mercantilism, which had held sway in Europe for three centuries.

Capitalism (Free Markets, Free Enterprise)

- Capitalism is **based on private ownership** of the means of production and on individual economic freedom. Most of the means of production, such as factories and businesses, are owned by private individuals and not by the government. Private owners make decisions about what and when to produce and how much products should cost.
- Another characteristic of capitalism is **free competition/free market** (“*laissez-faire*”). The basic rule of capitalism is that people should **compete freely without interference from government** or any other outside force. Capitalism assumes that the most deserving person will usually win. In theory, prices will be kept as low as possible because consumers will seek the best product for the least amount of money.
- One last theory of capitalism is that of “**Supply and demand.**” In a capitalist system, prices are determined by how many products there are and how many people want them. When supplies increase, prices tend to drop. If prices drop, demand usually increases until supplies run out. Then prices will rise once more, but only as long as demand is high. These laws of supply and demand work in a cycle to control prices and keep them from getting too high or too low.

Communism

- **Karl Marx**, the 19th century father of communism, was outraged by the growing gap between rich and poor. He saw capitalism as an outmoded economic system that exploited workers, which would eventually rise against the rich because the poor were so unfairly treated. Marx thought that the economic system of communism would replace capitalism. Communism is based on principles meant to correct the problems caused by capitalism.
- The most important principle of communism is that **no private ownership of property** should be allowed. Marx believed that private ownership encouraged greed and motivated people to knock out the competition, no matter what the consequences. **Property should be shared**, and the **people should ultimately control the economy**. The government should exercise the control in the name of the people, at least in the transition between capitalism and communism. The goals are to **eliminate the gap between the rich and poor** and bring about **economic equality**.



Communism

Pros	Cons
All decisions are made by the community through democratic means	Shuns privately owned land/resources
Appealing to a more generous side of human nature	Goes against the blatantly dominant selfish part of human nature
Society before self (perhaps a better moral approach)	Opposes the idea of social Darwinism
Equal wages for all	Does not reward hard work
Equality between men, women, races, religions, nationality	Destroys the idea of individual enterprise
Assumes the best out of man; that everyone is virtuous and willing to be generous	Rarely works BECAUSE of human nature (i.e. Joseph Stalin tries to enforce as a ruthless dictator)

Capitalism

Pros	Cons
Every man can earn his worth	Puts a materialistic point of view on economy
Some of the greatest advances/innovations in history have come from individualism and creativity	Depletion of Earth's natural resources
Profits shared with the person who has the means of production, while the workers get a share	Can lead to exploitation if too much power is in the hands of an individual
Allows competition in society, regulating economic growth	Competition can become unfair; unfair distribution of wealth
Can raise income	Encourages a selfish nature in people
Forces people to work hard for their living, and stabilize finances on their own.	Employment threatened when big businesses take over small ones
Allows production of many different products and services	Emphasizes distinction between social classes, rich and poor

Communism Vs. Capitalism Pros and Cons

Ownership of Means of Production

The primary point of difference between capitalism and communism is regarding the ownership of 'means of production' or resources in general. The model of **Communism shuns private/individual ownership of land or any vital resources**. Instead, all the 'means of production' like land and other resources should be owned by the state (the whole community of people). All land and resources which enable the production of goods and services will be owned by one and all. All decisions about production will be made by the whole community by democratic means. There will be equal wages for all. All the decisions taken will be according to what is good for all.

On the other hand, **capitalists believe in private ownership of land and means of production**. Every man will have to earn his worth. The major share of the profits earned from a business will go to the person who owns the means of production, while the workers who are responsible for running the business will get a small share. Every man will get his wages according to his merit and according to the thinking of the man who owns the means of production.

While **communism can destroy the idea of individual enterprise**, which has led to most of the technological innovations we see today, **capitalism can lead to exploitation**, where too much wealth and therefore power, is concentrated in the hands of a few people.

Individual Freedom

The polarity between two ideologies is '**Individualism vs. Social welfare**'. Capitalism gives more importance to individual aspirations and appeals to the inherent selfish nature, which is inherent in all human beings.

Communism appeals to our more saintly side, wherein we think about others before ourselves. It is a noble thought, which goes against the inherent selfish nature of most people, though it is appealing to their generous natures.

Some of the greatest advances in human history have happened due to individual creativity and enterprise, which were self serving, though they ultimately benefited the society. Communism can kill that individual creative streak, by making a person do what he is told.

Capitalism, on the other hand, feeding selfish desires can create capitalist autocrats who can have control of life and death over thousands of people, leading to exploitation.

Society

Communism advocates a classless, egalitarian society, where all men and women are placed on the same footing. There will be no differences of class, race, religion or even nationality. This is nice as an idea, but trying to implement this idea is tough— asking people to give up all the things that make them different (i.e. religion) is extremely difficult.

Capitalism promotes class distinction. In fact, it creates the major class distinction of haves and have-nots, the rich and the poor. The rich get richer and the poor get poorer under pure capitalism. The rich class controls the means of production and wields power, thereby imposing their own class distinction and whims on the society.

Anatomy of Power

Communism appeals to the higher ideal of unselfishness, while capitalism promotes selfishness. Capitalism naturally concentrates wealth and therefore, power in the hands of the people who own the means of production. So, it creates the rich elite who control wealth, resources and power. So, naturally they decide the distribution of power.

In communism, ideally, if all of mankind was of saintly nature, altruistic and selfless, the distribution of power would be equal. All decisions would be made by democratic means and there would be no unjust rules favoring a few.

However, that is not usually the case, as people are inherently selfish and the nature of power is such that it corrupts minds. We have the example of how communism can concentrate absolute power over a whole nation, in the hands of a single man, in Stalinist Russia. **Ironically, Stalin's idea of the communist state was much more about privilege and dictatorship than equality for the people.**

So, both the ideologies can fail and create an unjust society.

Honors: Write an organized essay that addresses the following task:

- Contrast the social and economic differences between capitalism and communism.
- Analyze at least two reasons why, throughout the history of the United States, Americans have feared communism.

Your essay must:

- Include an introduction with a clear thesis
- Support your answer with specific examples from the reading
- Have at least 2 detailed body paragraphs
- Include transition sentences
- Include a conclusion that restates the thesis and summarizes the main points of your essay.
- Be proofread for good spelling/grammar
- Include text-based details