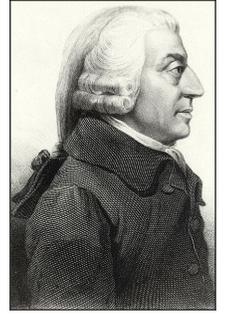


## Capitalism vs. Communism Comparative Essay Assignment



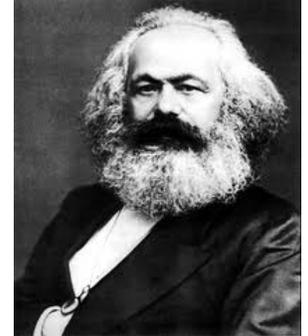
**Adam Smith**, often considered the father of capitalism, this 18th-century philosopher and political economist, was born in Kirkcaldy, Scotland, in 1723. Best known for his classic treatise *An Inquiry Into the Nature and Causes of the **Wealth of Nations***, he is credited with establishing the discipline 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

**Regents:** 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:

- Use the following thesis statement to write your essay:  
Under a capitalist system individual citizens make economic decisions and own the means of production while under communism the government takes on those responsibilities. Throughout history Americans have feared communism as a threat to their way of life.
- Include transition sentences
- Include a conclusion that restates the thesis and summarizes the main points of your essay.
- You must proofread your essay for good spelling/grammar
- You must include at least three text-based details.

**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