

Capitalism vs. Socialism

- What do you already know about Capitalism and Socialism?
- What type of economic system do we have in this country?
- What type of economic system should we have in this country?

Objective:

- We will evaluate whether we are more in favor of a capitalist or socialist economic system and justify why

Capitalism

- an economic system where citizens own the means of production
- the investment of money in business ventures in order to make a profit



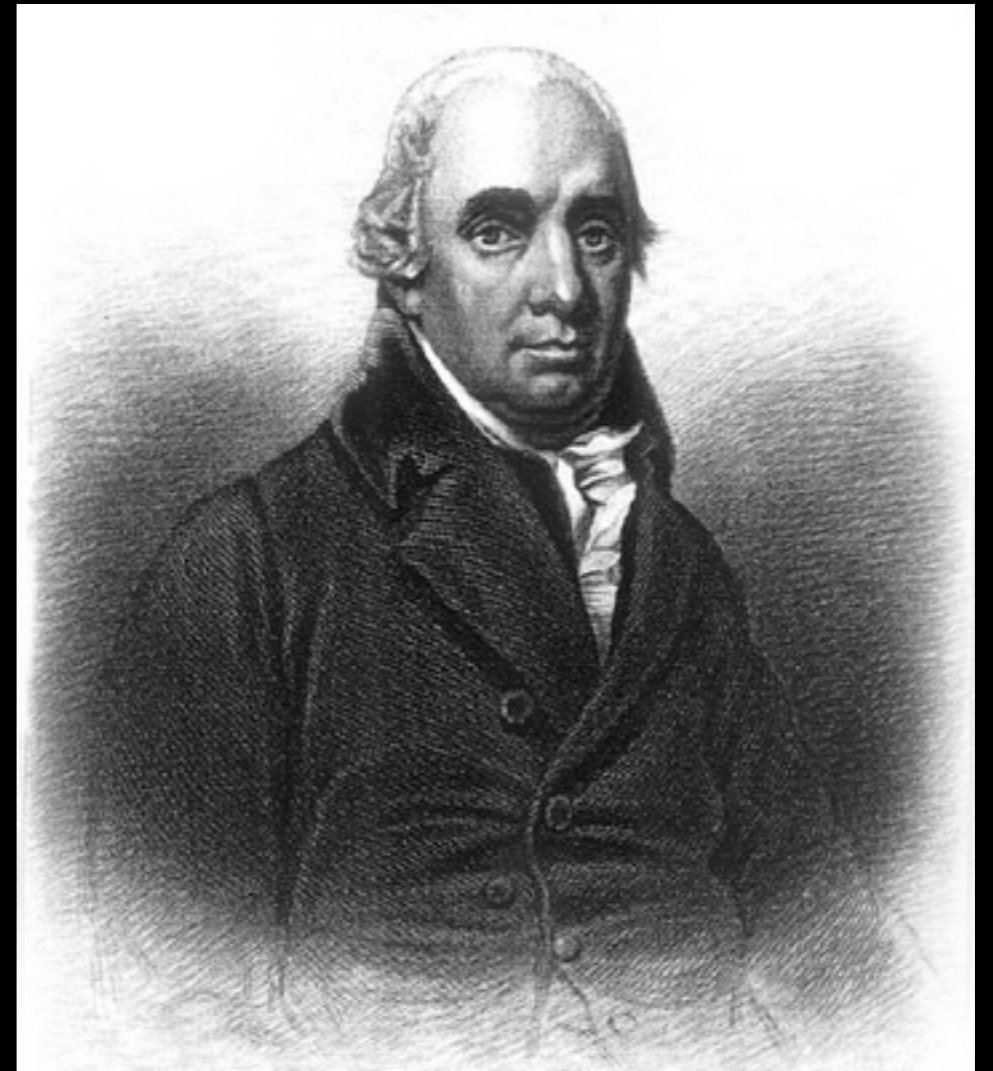
Socialism

- an economic system in which the factors of production are owned by the public and operate for the welfare of all



Adam Smith

- 1723-1790
- book- Wealth of Nations
- nations attain wealth and function best when individuals are free to use their skills and capital (money, land etc.) in their own self-interest and at their own discretion



Do Now: 3/3 I

- Quickly take your seats and get out your notes.
- Write 2-3 open ended questions that could be answered by yesterday's discussion of Capitalism.

Adam Smith

- Free market - producers are free to produce whatever they want / buyers are free to produce whatever they want
- Laissez faire - “let do” govt. should not interfere with business
- sidenote - after Smith died, it was discovered that he had secretly donated large sums of money to charities

Do Now: 4/1/11

- Take out your Capitalism vs. Socialism worksheet
- Which economic system would you most likely find this in? Why?
- What concepts does this image represent?

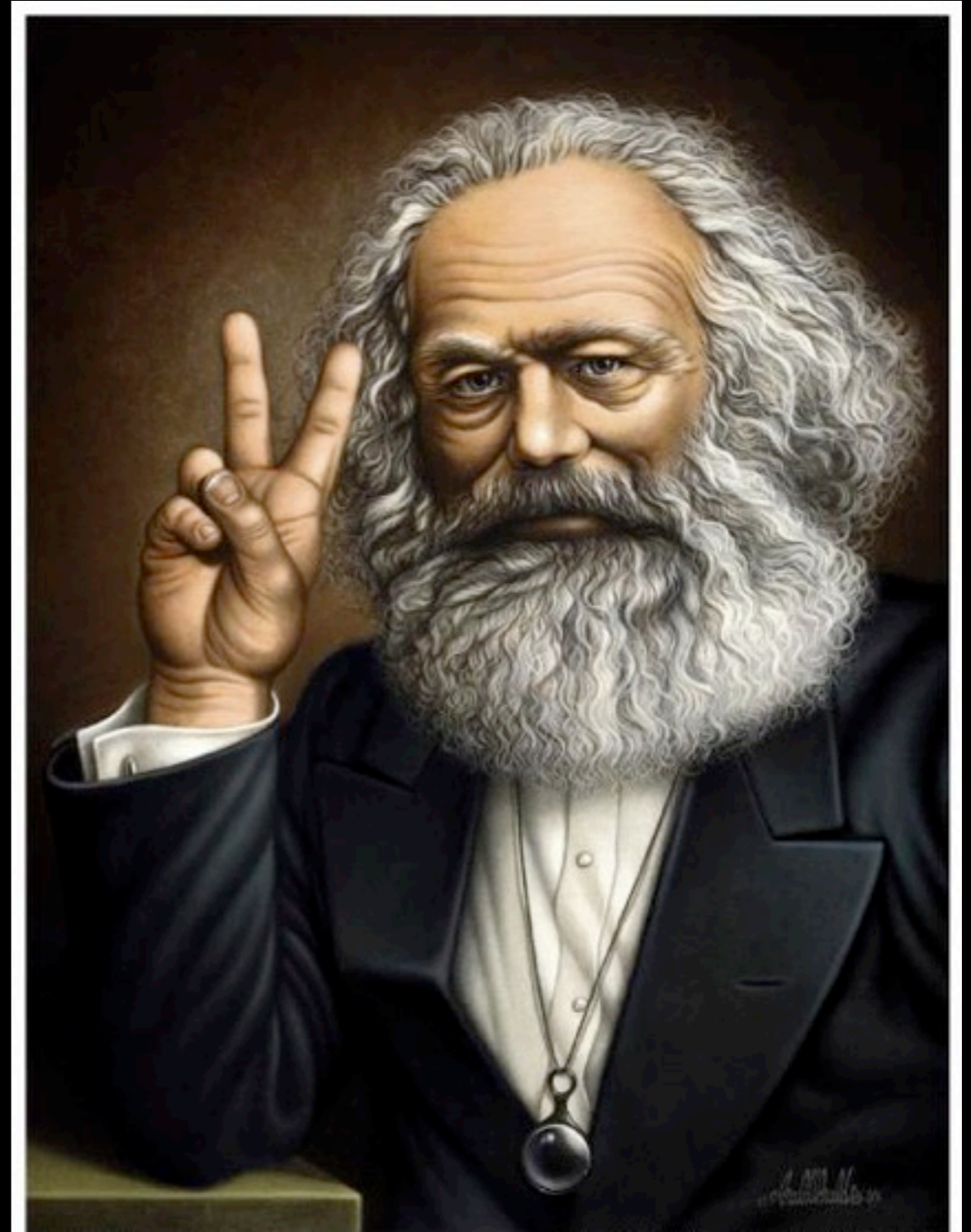


Objective:

- We will evaluate whether we are more in favor of a capitalist or socialist economic system and justify why
- Assignment: You will write a speech from the perspective of either Marx or Smith arguing why your economic system is better than the other.

Karl Marx

- 1818-1883
- philosopher, historian, economist, revolutionary
- 23 pg pamphlet - The Communist Manifesto
- religion was “the opiate of the masses”



Karl Marx

- human societies always divide themselves into warring classes
- in capitalism, few owners exploit the workers “proletariat”
- inevitably, the workers would revolt and take control of the govt.

Socialism

- **COMMAND ECONOMY**
- Government determines what gets produced & price

Karl Marx

- Sidenote - Marx believed that humans would gradually evolve in the following way:
- 1. primitive communism 2. feudalism 3. capitalism 4. socialism 5. communism

COMMUNISM

- an economic system in which all the means of production are owned by the people (govt.) there is no private property, all goods and services are shared equally
- Utopian way of living
- “from each according to their ability, to each according to their need”
- Marx - father of Communism

CAPITALISM

- Ownership -
- mostly private
- Social Objectives -
- freedom
- Economic Objectives -
- efficiency
- Political Systems -
- democracy/oligarchy

Socialism

- Ownership -
- private/public
- Social Objectives -
- equality
- Economic Objectives -
- “fairness”
- Political Systems -
- bureaucratic/oligarchy

COMMUNISM

- Ownership -
- public
- Social Objectives -
- equality
- Economic Objectives -
- “fairness”
- Political Systems -
- dictatorship

In your groups...

- Turn to the CAPITALIST IDEAS section.
- You will work in groups to fill in the blanks.
- Leave space in case you need to change a word or two.
- Under the Pro and Con, try to explain **WHY** each of those is a pro or con, or why they take place in a capitalist free market economy.

Advantages to Capitalism

- efficiency
- wide variety of goods
- economic freedom
- incentives
- information easily obtained
- simple economic policies

Disadvantages to Capitalism

- inequality (inequity)
- instability - business cycle
- market failures
 - monopolies
 - public goods
 - common resources (tragedy of the commons)

Advantages to Socialism

- increased benefits for all people (health care, resources)
- “fairness”
- stability
- higher employment
- efficient (for the state to get things done)

Disadvantages to Socialism

- lack of competition makes innovation less likely
- higher taxes
- higher regulation
- less diversity in products
- lack of incentive to get rich (taxe\$)
- inefficient bureaucracies can mismanage