

Capitalism vs. Socialism

The economic system called capitalism developed gradually over centuries, beginning in the late Middle Ages. Because of the ways industrialization changed society, some people began to think that capitalism led to certain problems, such as the abuse of workers. They responded by developing a new system of economic ideas called socialism.

Capitalism	Socialism
<ul style="list-style-type: none">Individuals and businesses own property and the means of production.	<ul style="list-style-type: none">The community or the state should own property and the means of production.
<ul style="list-style-type: none">Progress results when individuals follow their own self-interest.	<ul style="list-style-type: none">Progress results when a community of producers cooperate for the good of all.
<ul style="list-style-type: none">Businesses follow their own self-interest by competing for the consumer's money. Each business tries to produce goods or services that are better and less expensive than those of competitors.	<ul style="list-style-type: none">Socialists believe that capitalist employers take advantage of workers. The community or state must act to protect workers.
<ul style="list-style-type: none">Consumers compete to buy the best goods at the lowest prices. This competition shapes the market by affecting what businesses are able to sell.	<ul style="list-style-type: none">Capitalism creates unequal distribution of wealth and material goods. A better system is to distribute goods according to each person's need.
<ul style="list-style-type: none">Government should not interfere in the economy because competition creates efficiency in business.	<ul style="list-style-type: none">An unequal distribution of wealth and material goods is unfair. A better system is to distribute goods according to each person's need.

Adam Smith -
Wealth of Nations

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Karl Marx
- Communist Manifesto

John Stuart Mill

Reaction