

# The two old economic system: socialism and capitalism

[Politics](#), [Communism](#)



Socialism refers to an economic system characterised by social ownership of the means of production and co-operative management of the economy.[1] "

Social ownership" may refer to cooperative enterprises, common ownership, state ownership, or citizen ownership of equity.[2] There are many varieties of socialism and there is no single definition encapsulating all of them.[3]

They differ in the type of social ownership they advocate, the degree to which they rely on markets or planning, how management is to be organised within productive institutions, and the role of the state in constructing

socialism.[4]A socialist economy is a system of production where goods and services are produced directly for use, in contrast to a capitalist economic system, where goods and services are produced to generate profit (and

therefore indirectly for use).[5] Goods and services would be produced for their usefulness, or for their use-value, eliminating the need for market-induced needs to ensure a sufficient amount of demand for products to be

sold at a profit. if its general...-China-USSR\*-Vietnam-North Korea-CubaThis economic system is designed to promote equality but rarely achieves it.

Nations that have, in the past, only used this system are Russia (i. e. United Soviet Socialist Republic) and China. This system could be known as

socialist or communist. Venezuela Cuba Capitalism is an economic system based on the private ownership of capital goods and the means of

production, with the creation of goods and services for profit.[1][2] Elements central to capitalism include capital accumulation, competitive markets, and a price system.[3]Capitalism is defined as a social and economic system

where capital assets are mainly owned and controlled by private persons, where labor is purchased for money wages, capital gains accrue to private

owners, and the price mechanism is utilized to allocate capital goods between uses. The extent to which the price mechanism is used, the degree of competitiveness, and government intervention in markets distinguish exact forms of capitalism. [Capitalism is an economic system and not a political system. Countries thus do not (typically) enshrine capitalism as a part of their constitutional framework, nor do they typically limit policy choices to capitalism. However, the vast majority of countries (almost all liberal democracies and most authoritarian systems) in the world use capitalism as their dominant economic system, including the United States, Canada and Mexico, all of the 27 countries of the European Union (Ireland, UK, France, Portugal, Spain, Belgium, The Netherlands, Luxembourg, Germany, Italy, Sweden, Finland, Denmark, Malta, Cyprus, Austria, The Czech Republic, Slovakia, Poland, Hungary, Slovenia, Romania, Bulgaria, Latvia, Lithuania, Estonia and Greece), as well as many, many other countries (such as Australia, Japan, India, Egypt, Tunisia, Indonesia, New Zealand, South Africa, Switzerland, Botswana, Brazil, Colombia, Chile, Peru, Russia, Turkey etc. etc.). Even some countries which in-name follow different economic systems (such as China, claiming to have a "communist economy with Chinese characteristics") are capitalist (i. e. have most of the output coming from industries in private property trading and setting prices on a free market by the laws of supply and demand, and have a legal framework geared to protecting and encouraging such a system of production). It is actually easier to count countries that are not capitalist (such as North Korea, Cuba or most of Vietnam), or still have some way to go until ancient economic structures make way for capitalism (such as in Bhutan or in

significant parts of Sub-Saharan Africa). World trade overall, and the international economy is capitalist overall (international prices and company values are established in stock and mercantile exchanges. Economic system in which the principal means of production, distribution, and exchange are in private (individual or corporate) hands and competitively operated for profit. A mixed economy combines the private enterprise of capitalism and a degree of state monopoly, as in nationalized industries and welfare services. Most capitalist economies are actually mixed economies, but some (such as the US and Japanese) have a greater share of the economy devoted to free enterprise. Business governed by the laws of supply and demand, not restrained by government interference, regulation or subsidy. an economic and political doctrine holding that a capitalist economy can regulate itself in a freely competitive market through the relationship of supply and demand with a minimum of governmental intervention and regulation. modern America. A system of government in which the state plans and controls the economy and a single, often authoritarian party holds power, claiming to make progress toward a higher social order in which all goods are equally shared by the people. A theoretical economic system characterized by the collective ownership of property and by the organization of labor for the common advantage of all members. 1. advocacy of a classless society in which private ownership has been abolished and the means of production and subsistence belong to the community any social, economic, or political movement or doctrine aimed at achieving such a society (usually capital) a political movement based upon the writings of Karl Marx, the German political philosopher (1818-83), that considers history in terms of class

conflict and revolutionary struggle, resulting eventually in the victory of the proletariat and the establishment of a socialist order based on public ownership of the means of production (Government, Politics & Diplomacy) (usually capital) a social order or system of government established by a ruling Communist Party, esp in the former Soviet Union, China, Vietnam and Cuba.