

# [Capitalist vs communist economic systems](https://assignbuster.com/capitalist-vs-communist-economic-systems/)

Capitalism and communism are the two major political systems held by major nations on Earth. Today, debt-full Capitalist America and surplus-growing Communist China are two of the major nation on Earth though many nations had risen and fallen with different ideas, such as the Soviet Union, a nation that was communist based and the biggest threat to the United States during the 1960s. Today, we are taught capitalist ideals as it was America that made an everlasting impact on the world. However, there is no nation who fully believes in an economic system as changes are done and are adjusted based on the nation. Capitalism and Communism are two major political systems that cannot be compared to each other.

Capitalism and communism are two completely different economic systems. Capitalism is an economic system characterized by freedom of the market. An economic system that has private ownership of production as to where branding determines how the products are provided and the means by which any income and profit are represented is called capitalism. Meanwhile, communism can be defined as an economic and political system in which facts of production collectively occupy and are governed by the state. Capitalism and communism are clearly two opposing political and economic structures as each idea defy each other.

Capitalism evolved out of feudalism, an old and dominant system in medieval Europe that structured society and the economy and turned to mercantilism. Then Adam Smith, a Scottish economist in the 17th century, noticed that mercantilism was creating trade imbalances that prohibited nations from developing and started ideas for a free market that opened the world to capitalism. This caused wages to be increased, and the standard of living increased due to mass production of products. This widened the gap between the rich and the poor and this was how communism started. Karl Marx, a German philosopher in the 18th century, an economist, saw that the gap between the rich and the poor was troubling. He saw that capitalism was a dirty system to exploit the lower class as they were poorly treated. Karl Marx created communism to eliminate the gap between social classes.

In a capitalist economy, everyone has individual freedom (no government interference) which keeps the prices as low as possible as consumers will purchase the cheapest product. But the downfall of a capitalist nation is that the nation’s unemployment rates will increase, and the government will not aid in any way. You can choose what you want to do, who you want to work for, and how long you want to work, whether you want to own a business or to work in one. You make your own decisions about when and what to produce and determine the prices. Unlike in a communist economy, you would have the opportunity to work and go to other places and increase your standing in your social ladder. Another great advantage of capitalism is property ownership, it allows their citizens to have the right and privileges to control their possessions as they wish. Supply and demand is a very important feature in a capitalist economy as prices are determined on the availability of goods. It works as a cycle to keep the prices under control of sudden fluctuations. The government also provides care and services for their entire people. As in a capitalist economy, the role of the government follows the desire and goals of the citizen.

Communism has undergone many drastic changes over time but could overcome their obstacles. One of the benefits of communism is the economy will have a very low unemployment rate which opposes capitalism and is very beneficial for the economy, but the disadvantages are that it does not matter how much you work or who you work for, you always get the same money as everyone else pays. In our economy, you have to work to make money. The more you work, the more you get and now you can buy what you need and what you want. The most important principle of communism is that you will not be able to fully own property and will be shared. The people of the nation will control the economy and eliminate the gap between the rich and the poor.

In the course of United States history, capitalism has always been a major driver of American society. Meanwhile, communism, more or less an economic system of society in which the major sources and production resources are owned by the community and are not monopolized. Although capitalism is not perfect, it is the best option for the United States after many analytes. In the era of the industrial revolution, the idea of ​​communism was very popular and a good measure. While the factory possessions are sitting and gathering rich, men, women and children will work for 18 hours in inexorable jobs. This inaccurate distribution of wealth anticipated government intervention and prevented further economic world monopolies. In the 20th century, a variety of countries had declared themselves communist, though only five remains. There are countries that have tried this form of government and the results of the experiences of these countries with communism were mostly unsuccessful.

In fact, history itself tells the truth. In an ideal society, people work for the best of their ability for the greater good of society. They must work out of a sense of responsibility for society. However, people are rewarded on the basis of their needs and not their contribution. Therefore, it is surprising that they have no incentive to work anymore. In the capitalist society how you work more, the more you become rewarded that creates a competitive environment and increases production. But in communism, production is low when people no longer work when they really have to lack interests. There is no individuality and merit for productive people, so progress is very slow. Corruption is also rampant in communism. The people who are in power are inclined to abuse their power for their own personal good. This means that profits do not reach people well. The government is also not very effective in running industries or treated chemicals. A privately controlled company will be successful in dealing with such companies and will thereby benefit more.

As communism has its bads, capitalism also does. In a capitalist system, stereotypes are influential. Such as lower class citizens that make under twenty thousand years, middle class who make thirty thousand years, and the higher class one hundred thousand years and finally the corporates elite who makes over thirty thousand per year. People are broken into groups by the amount of money they make. Depending on how much money you make; You will be seen differently in the eyes of the government and society. Another disadvantage, which will always be in a capitalist nation, is that people are forced to compete against each other at the bitter end. Children are taught in their schools that the “ individual way” is the only way to succeed and only to care for them and not society. In this way, children in a capitalist society are taught to profit and not society. This ensures competition within society and a greater improvement, but it loses the unity of the nation.

The war between capitalism and communism does not only exist in the economy but also physically. These ideas led to worldwide conflicts such as the notable “ Cold War” or “ World War III” that had the potential to end the world. Two superpowers, the United States and the Soviet Union have various differences between military, political and ideological differences. After the United States, the Soviet Union showed control of Eastern European countries under the puppet communist regime. This was a dangerous expansion of communism. The Soviets saw the United States as economic and ideological competition and the expansion of capitalism that set up in the way of Soviet goals. Finally, the Soviet Union fell apart due to the government giving their citizen free speech which is against communism.

There are many different results and problems that can arise as a result of the different systems. The benefits for communism are upgraded on a larger scale which requires time and effort, as for capitalism’s hard work makes quick profits. Because it is harder for people in a communist nation to see directly from their hard work, there can be a tendency of people to become less, but still the same as everyone. So there must be a value of the amount of work you put into, so every person has enough work to look for the issues of the matter. If the work has not been done, then something has to be done, as does their part, family doctor, or community, so that lesser living standards are created. Capitalism, however, gives every individual choice for the benefits they get from hard work or not. You still have the chance to become poor. In communism, the hard workers receive the same, but in capitalism, the hardest workers get the most.

In conclusion, both the economic systems have their pros and cons and cannot be compared. That is exactly why today’s nations have conflicts over systems. Each system depends on the nation’s standings and its people. The people are the ones who decide whether which system is most beneficial as a system may bring them to the top or make them fall. As there may never be a perfect communist society, it would be the strongest nation, but humans cannot be in it. This is the reason being that every human nature is full of greed and laziness, therefore, we can see how every communist nation is doomed to fall while capitalism succeeds.

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