**Capitalism & Communism Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

New Ways of Thinking Worksheet

Total: 25 Points

New Ways of Thinking (p. 261-264)

🡪 Using the textbook, fill in the following chart on the two major types of economic thinking.

|  |  |  |
| --- | --- | --- |
|  | **Capitalism/Laissez-Faire**  *Laissez-Faire Economics p. 260* | **Communism**  *Karl Marx Explains Class Struggle p.263* |
| **Characteristics**  **Or Definition** |  |  |
| **Important People** |  |  |
| **Key Terms** | **Free Market:** | **Proletariat** –  **Social Democracy** – |

🡪 The **Industrial Revolution (1760-1840) is a time period of rapid industrial growth that began in Britain and quickly spread around the world.** Scottish philosopher **Adam Smith (1723-1790)** liked the changes happening during industrialization. He said that people motivated by greed and the desire for profit actually benefit society. Unlike Adam Smith**,** German philosopher **Karl Marx (1818-1883)** lived during the later stages of the Industrial Revolution. By then, cities had become overcrowded and unsanitary, and the working conditions in factories were terrible. They believed that cooperation between owners of capital (the factories and machines) and those who worked for them was not possible.

1. How might the desire to make money benefit society?
2. How might the fact that Marx lived one hundred years after Smith effect his beliefs? Explain.

|  |  |
| --- | --- |
| **Capitalism**  **Adam Smith – *The Wealth of Nations*** | **Communism**  **Karl Marx – *The Communist Manifesto*** |
| * Individuals and businesses own property and the means of production * Progress results when individuals follow their own self interest * 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. * Consumers compete to buy the best goods at the lowest prices. This shapes the market by affecting what businesses sell and for how much. * Government should not interfere in the economy because competition creates efficiency in business. | * The community or the government should own property and the means of production. There should be no private ownership. * Progress results when a community cooperates for the good of all. * Capitalist employers take advantage of workers. The community or the government must act to protect workers. * Capitalism creates unequal distribution of wealth and material goods. A better system is for the government to distribute goods according to each person’s needs. * An unequal distribution of wealth and material goods is unfair. A better system is for the government to distribute goods according to each person’s needs. |

**Directions: Read the following statements and determine whether a CAPITALIST or a COMMUNIST would have said them. Use the chart for help.**

|  |  |
| --- | --- |
| 1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - “ The capitalist class will never give up the ownership of the means of production peacefully. Workers should band together and overthrow the owners and secure for themselves the right to ownership. Inevitably, the workers will win.” | *Supporting evidence:* |
| 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - “The price for human labor is governed by the laws of supply and demand. If wages are increased for one generation when the supply of workers is low, people will have more children and there will be an oversupply in the next.” | *Supporting evidence:* |
| 3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - “Prices should be determined by the laws of supply and demand, not by government regulation. Free trade and competition are necessary to encourage the production of goods that are of good quality and low price.” | *Supporting evidence:* |
| 4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - “The history of all hitherto existing society is the history of class struggles…Our immediate aim is the overthrow of the bourgeois supremacy. The proletarian have nothing to lose but their chains. They have a world to win. Working men of all countries, unite!” | *Supporting evidence:* |