

# CAPITALISM AND COMMUNISM

NAME: \_\_\_\_\_

## PART A

### KEY DEFINITIONS

**Capitalism:** individuals or companies privately own property, resources, and businesses and compete against each other to accumulate the most wealth

**Communism:** people (not the government or privately owned companies) are responsible for sharing resources and wealth among themselves

Capitalism favours the following ideals:

- **Private Ownership:** In capitalism, individuals or private businesses can own property, land, and businesses. This means people have the right to own and control what they create or purchase.
- **Free Market:** Capitalism relies on a free-market system where buyers and sellers interact to exchange goods and services. Prices are determined by supply and demand, and competition among businesses helps keep prices in check.
- **Profit Motive:** One of the driving forces in capitalism is the idea of making a profit. Businesses aim to produce goods or services that people want to buy, and in doing so, they hope to earn more money than they spend.
- **Competition:** Capitalism thrives on competition. Businesses compete with each other to attract customers, which often leads to innovation, lower prices, and better-quality products or services.
- **Individual Freedom:** Capitalism values individual freedom and the right to make choices. People can choose their occupations, what to buy, and where to invest their money. The government's role is often limited, allowing individuals to make decisions based on their preferences.
- **Limited Government Intervention:** In a capitalist system, the government's role is usually limited to enforcing laws, protecting property rights, and ensuring fair competition. It generally does not control or own the means of production.



- **Consumer Choice:** Capitalism emphasizes the importance of consumers making choices in the marketplace. People can choose from a variety of goods and services, and businesses respond to consumer preferences in order to stay competitive.

*It's important to note that while capitalism has its advantages, it also has challenges, such as income inequality and environmental concerns. Different countries may have variations of capitalism, incorporating some government regulations to address these issues.*

Communism favours the following ideals:

- **Common Ownership:** In a communist system, the idea is that all property and resources are owned collectively by the community or the state. This means that instead of individuals or private companies owning land, factories, or businesses, these are owned and controlled by everyone together.
- **Equality:** Communism aims for a society where everyone is equal. This means there are no extreme differences in wealth and everyone has access to the same opportunities, resources, and benefits. The idea is to eliminate social classes and create a fair and just society.
- **Central Planning:** In a communist system, the government or a central authority usually plays a significant role in planning and managing the economy. The goal is to ensure that resources are distributed in a way that benefits the entire community, rather than a few individuals or groups.
- **No Private Property:** In a communist society, there is no private ownership of property or means of production. This includes things like land, factories, and businesses. The idea is that by eliminating private ownership, everyone can share in the benefits and nobody can exploit others for personal gain.
- **Classless Society:** Communism envisions a classless society where there are no rich or poor, and every person contributes to the best of their abilities and receives according to their needs. This is a key concept aimed at creating a more inclusive and cooperative community.

*It's important to note that while communism has these ideals, various real-world implementations have had mixed success, and different countries have interpreted and applied these principles in different ways.*



## **PART B**

Working in pairs, cut out the different scenarios out and sort them into either communist or capitalist ideologies.

**AMI PURCHASES SHARES IN A PUBLICLY TRADED COMPANY, HOPING FOR FINANCIAL RETURNS. THE VALUE OF THEIR INVESTMENT IS INFLUENCED BY MARKET DEMAND, COMPANY PERFORMANCE, AND ECONOMIC CONDITIONS, ILLUSTRATING THE DYNAMIC NATURE OF FINANCIAL MARKETS.**

**LISA STARTS A SMALL TECH COMPANY IN HER GARAGE, DEVELOPING A REVOLUTIONARY PRODUCT. THROUGH HARD WORK AND INNOVATION, THE COMPANY GROWS, CREATING JOBS, GENERATING PROFITS, AND CONTRIBUTING TO ECONOMIC GROWTH.**

**TOM WORKS THE LAND WITH A GROUP OF FARMERS. THE PRODUCE IS SHARED AMONG THE COMMUNITY MEMBERS, EMPHASIZING THE PRINCIPLE OF COLLECTIVE OWNERSHIP AND THE ABSENCE OF PRIVATE PROPERTY.**

**MOHAMMED DECIDES TO BUY A SMARTPHONE, SELECTING FROM COMPETING BRANDS THAT OFFER DIFFERENT FEATURES AND PRICE POINTS TO GET THE BEST DEAL FOR HIS BUDGET AND NEEDS.**

**EVERYONE IN RANI'S NEIGHBOURHOOD IS PROVIDED WITH HOUSING ACCORDING TO THEIR FAMILY SIZE AND REQUIREMENTS, ENSURING A MORE EQUITABLE DISTRIBUTION.**

**THE GOVERNMENT PLANS AND CONTROLS THE ECONOMY, DECIDING WHAT GOODS AND SERVICES TO PRODUCE AND HOW RESOURCES ARE ALLOCATED.**