



## CAPITALISM

Capitalism is the extraordinary belief that the nastiest of men, for the nastiest of reasons, will somehow work for the benefit of us all.



## Communism Vs Capitalism

Communism vs capitalism debate is a battle between two extreme socioeconomic theories. They are theories that represent two inherently opposite ways of thinking. One is extremely individualistic (Capitalism), while the other one (Communism) believes in putting the society before self. The communism vs capitalism clash polarized the world during the cold war. This article explores all dimensions of communism vs capitalism debate and explores the two ideologies while comparing their points of difference.

### Communism vs Capitalism Comparison

Here is a straight comparison between communism and capitalism, which discusses the pros and cons of both the ideologies.

#### Communism vs Capitalism: Ownership of Means of Production

The primary point of difference between capitalism and communism is regarding the ownership of 'means of production' or resources in general. **Communism shuns private/individual ownership of land or any vital resources.** Instead, all the 'means of production' like land and other resources should be **owned by the state.** By state here, I mean the whole community of people. All land and resources which enable the production of goods and services will be owned by one and all. Everything will be shared! All decisions about production will be made by the whole community by democratic means. There will be equal wages for all. All the decisions taken will be according to what is good for all.

On the other hand, **capitalism believes in private ownership of land and means of production.** Every man will have to earn his worth. The major share of the **profits** earned from a business will go to the person who owns the means of production, while the workers who are responsible for running the business will get a small

**share.** Every man will get his wages according to his merit and according to the thinking of the man who owns the means of production. Naturally the people who own the means of production, the capitalists, call the shots when it comes to decision making!

This is the major bone of contention between the two ideologies, ownership of means of production! Both are extreme ideas. While communism can kill the idea of individual enterprise, which has led to most of the technological innovations we see today, capitalism has the seeds of exploitation, where too much wealth and therefore power, is concentrated in the hands of a few people.

#### **Communism vs Capitalism: Individual Freedom**

As I said before, communism and capitalism are two extreme points of view, which have contrasting views about individual freedom. **Communism asks one to put the society before the individual, while capitalism puts individual freedom, before society.**

So, the polarity between two ideologies is '**Individualism vs Social welfare**'. **Capitalism** gives more importance to individual aspirations **and appeals to the inherent selfish nature**, which is inherent in all human beings. This inherent selfishness, is a result of the instinct of self-preservation.

**Communism** appeals to our more saintly side, wherein we think about **others before ourselves**. It is a noble thought, which goes against the inherent selfish nature of people, though it is appealing to their generous natures.

Both again are two extreme points of view, which have their advantages and disadvantages. Some of the greatest advances in human history have happened due to **individual creativity** and **enterprise**, which were self serving, though they ultimately benefited the society. **Communism** can kill that individual creative streak, by making a person do what he is told. In short, it has the **danger of killing creativity and original thinking**.

Capitalism, on the other hand, feeding selfish desires can create capitalist autocrats who can have control of life and death over thousands of people, leading to exploitation.

#### **Communism vs Capitalism: Society**

**Communism advocates a classless, egalitarian society, where all men and women are placed on the same footing.** There will be **no differences of class, race, religion or even nationality!** This way, there will be nothing to fight for. This is nice as an idea, but trying to implement this idea is tough and asking people to give up all the things that make them different, is unfair! Every person is special and different in his own way.

**Capitalism promotes class distinction.** In fact creates the major class distinction of haves and have-nots, the rich and the poor. **The rich get richer and the poor get poorer under pure capitalism.** The rich class controls the means of production and wields power, thereby imposing their own class distinction and whims on the society.

#### **Communism vs Capitalism: Anatomy of Power**

**Communism** appeals to the higher ideal of **altruism**, while **capitalism** promotes **selfishness**. Let us consider what will happen to power distribution in both these ideologies! Capitalism naturally concentrates wealth and therefore, power in the hands of the people who own the means of production. So, it creates **the rich elite** who **control wealth, resources and power**. So, naturally **they decide the distribution of power**.

In communism, ideally, if all of mankind was of saintly nature, altruistic and selfless, the distribution of power would be equal. **All decisions would be made by democratic means and there would be no unjust rules**

**favoring a few!** However, that is not the case here, people are inherently selfish and the nature of power is such that it corrupts minds and **absolute power corrupts absolutely**. We have the example of how communism can concentrate absolute power over a whole nation, in the hands of a single man, in Stalinist Russia! So, both the ideologies can fail and create an unjust society!

Ultimately what we need, is a balanced approach, which is a combination of good points in both the ideologies. A mixed economy where the state has control over all the vital resources of a nation, provides welfare for the needy, while also promoting free entrepreneurship.

## Pros and Cons of Capitalism

Capitalism is defined as an economic system that is based on private ownership of capital. In a capitalist economy, the means of production are distributed to private persons and the functioning of the market determines the production and pricing of goods and services. Let us look at the pros and cons of capitalism.

### Pros of Capitalism

1. Capitalism promotes economic growth by providing an open competition in the market. It provides individuals with far better opportunities of raising their income and thus achieving economic growth.
2. Capitalism results in a decentralized economic system. This is considered as one of the greatest advantages of capitalism. In a decentralized economy, individuals are open to more number of options in business. They are exposed to competition and have to face different challenges and find solutions to them to stay in competition. It is in a capitalist economy that hard work is rewarded. Entrepreneurs who pitch well and are able to better their business are the undoubtedly winners.
3. Capitalism gives rise to an economy where the consumers regulate the market. Many consider this as one of the greatest strengths of a capitalist economy. A competitive market provided by capitalism facilitates the manufacture of a wide variety of products and the formation of a wide range of services. Consumers are happier in a capitalist economy. It encourages people to work towards financial freedom.

### Cons of Capitalism

1. Some consider the fierce competition brought about by capitalism as its major drawback. They believe that a capitalist economy can give rise to unfair competition.
2. Capitalism makes an economy money-oriented. Business corporations look at the economy with a materialistic point of view. Profitability remains their only primary business goal. Business giants take over smaller companies. Employment rights are compensated with the sole aim of higher productivity.
3. Some economists believe that capitalism may lead to a depletion of the resources on Earth, as it requires continuous economic growth.

## Communism vs Socialism

Communism and socialism are two different concepts, which are quite similar, but have certain differences. The following article discusses communism vs socialism.

In theory, Socialism comes into existence before communism, and is a worker dominated economic phase. Communism is supposed to be the advanced stage of socialism. Before knowing about the two concepts in depth, let us define socialism vs communism.

### Socialism vs Communism Definition:

**Socialism** is defined as "*any of various economic and political theories advocating collective or governmental ownership and administration of the means of production and distribution of goods.*" Whereas, **communism** is defined as "*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.*"

### Socialism

Socialism is an economic phase where everyone benefited from industrialization, and the number of workers is more than the number of traders. Being the majority, **more power is vested in the hands of the workers.** *Socialism is only an economic system and not a political system.* Socialism is more liberal than communism, where everyone could contribute in the working of the economy. According to Karl Marx, Socialism is supposed to lead to the communism stage in history.

### Communism

The German philosopher-historian **Karl Marx** is known as the '**Father of Communism**'. He wrote a very popular book in 1847, named '**Communist Manifesto**', read by millions of people around the world. The people who follow his ideology are known as '**Marxists**'. Karl Marx and his friend Frederick Engels analyzed the various economies of the world, the workings of power, finance, and the industrial sectors of the economies. They researched the development of various economies and the reasons for it, and developed the concept of communism based on their findings. **Communism** refers to the banishment of all the differences from the society, and people sharing all the things equally with equal status. The ideal of communism was that there shouldn't be any



kind of exploitation or social inequality, like women being dominated by men (**Patriarchy**), racial discrimination (**Racism**), or Class exploitation (**Claissism**). Communist society is supposed to provide equal status to everyone with the opportunity to use the resources equitably. Communism also means an extensive outlook for the betterment of society. The symbol of communism is the **hammer and the sickle**, wherein the hammer represents the urban workers and the sickle represents the farmers or the peasants.



Marx analyzed history through a "material lense", meaning he tried to interpret historical development through the most basic way in which people live (their material, or physical reality). He therefore focused on labor, social class, and inevitably class conflict. He said that society had passed through several economic stages of development. Let us see these different stages:

## **1. Primitive Communism**

The word primitive means '**not very advanced**'. There was not much progress during this stage of the economy. Primitive communism was a period when people used to live in small groups or tribes. They used to **share everything** with others like food, clothes and jobs. There was **no such thing as ownership** existing in that era. Then a group came into force and took charge, leading to feudalism.

## **2. Feudalism**

Feudalism is the advanced stage of primitive communism. Under feudalism, the economy was ruled by a chief or a king. The people were convinced that God had chosen the ruler for them, and the **king was helped by the churches** as well. The **common people were kept illiterate and ignorant about their rights, while the 'nobles', or aristocratic class who helped the king rule were given land and other benefits**. Peasants paid all the taxes while nobles paid none. Increase in trade beginning in the 13<sup>th</sup> and 14<sup>th</sup> centuries made some people more wealthy (rise of the bourgeoisie class) leading to capitalism.

## **3. Capitalism**

Capitalism refers to the era in which **all the power began to concentrate in the hands of business owners or traders (bourgeoisie)**. The **workers were treated badly and exploited**. The traders worked only in their interests. It was a period where **the rich became richer and the poor became poorer**. This led to the formation of trade unions (sindicatos) by the workers, leading to socialism.

*Marx wrote his works in the mid 1800s, during the industrial revolution and a particularly exploitative time of capitalist development, thus he advocated for workers' revolutions and the development of the following two historical periods:*

## **4. Socialism**

In the socialist economy, the **workers take over the production and the economy (dictatorship of the proletariat)**. They produced things for everyone, and profit is not the primary objective of this period. **All the people are supposed to benefit** in this era, provided with universal education and health benefits. This stage then is supposed to later advance to communism.

## **5. Communism**

Communism is the stage in which **all people share the products of economic production equally with each other**. Profit and money is not the main aim of this period. There is supposed to be total sharing and all things in abundance, and therefore no need of an army or the police. The capitalists would try to create a fight but it would be of no use. This is a **utopian** vision of a better future society, which Marx advocated in opposition to the abuses of industrial capitalism he saw in Europe in the 19<sup>th</sup> century.

### **Communism vs Socialism**

Now that we have studied what is socialism and communism, let us look at some differences between them. It is not always easy to recognize the differences between socialism and communism. However, there are a few things which can be easily distinguished between the two.

-**Socialism** is only related to an **economic system**, while **communism** is related to an **economic and political system**.

- **Socialism** states that **distribution** of goods and services should take place **according to the individuals production efforts**, whereas according to **communism**, the **distribution** should take place **according to the individuals need**.

-In **socialism**, people believe that **capitalism can exist in the economy**, and that it is possible that socialism exists in a capitalist economy. On the other hand, **communism aims at making a classless society without capitalism and private ownership**.

In **socialism**, many people can control the economy, whereas in **capitalism** the number of people in actual control are **reduced**.

-**National socialism** is a political word which is a little unclear. It consists of the features of both nationalism and socialism. It mainly refers to '**Nazism**', which was an ideology followed during the rule of **Adolf Hitler**. The concept of national socialism **opposes communism and capitalism**.

Whereas, **democratic socialism** means a democratic economy which undertakes production for the benefits of everyone, rather than concentrating the profits in the hands of a few people.

### Communism vs Socialism Chart

Communism	Socialism
Communism is related to both the economic and political system.	Socialism only refers to the economic system.
Distribution of goods and services takes place according to the individuals needs.	Distribution of goods and services takes place according to the individuals efforts.
Capitalism cannot exist in a communist economy.	Capitalism can exist in a socialist economy
Communist economy does not require many people to control the economy.	Many people can control the economy in the socialist society.
In the communist economy, the power is concentrated in the hands of the people centrally.	In the socialist economy, the power is mainly in the hands of the workers.

