

SOCIALISM vs. CAPITALISM

	Socialism	Capitalism
Definition:	Socialism is an economic and political system in which the government controls all means of production.	Capitalism is an economic and political system in which property, business, and industry are owned by private individuals -- not by the state.
Goal:	Economic and social equality through redistribution of wealth.	Create wealth through private ownership of property and businesses.
Terms associated with each:	Centralized government planning, command economy, planned economy, wealth redistribution, price controls, social equality, nationalizing of production, expansion of the welfare state	Free markets, free enterprise, supply and demand, laissez-faire, private property rights, competition, incentives
Countries embracing each system:	Venezuela, North Korea, Cuba, Vietnam, (and previously, the USSR)	United States, Hong Kong, Germany, Japan, Singapore, New Zealand, Switzerland...
People associated with each system:	Karl Marx, Friedrich Engels, John Maynard Keynes, Noam Chomsky, George Soros	Adam Smith, Ludwig von Mises; Fredrich Hayek, Milton Friedman, Ronald Reagan, Margaret Thatcher

What is Socialism?

Socialism is an economic and political system based on government or collective ownership of the means of production. Socialism emphasizes equality rather than achievement, and values workers by the amount of time they put in rather than by the amount of value they produce. It also makes individuals dependent on the state for everything from food to health care.

What is Capitalism?

Capitalism is a system of economics based on the private ownership of capital and production inputs, and on the production of goods and services for profit. The production of goods and services is based on supply and demand in the general market (market economy), rather than through central planning (command economy). Capitalism is often closely associated with economic growth, as production and price are determined by the market rather than by governments. Private property rights provide individuals with the freedom to produce goods and services they can sell in the market.

What's the Difference?

- **Socialism:** the means of production are owned or controlled by the government. The government decides what things will be made, how they will be made, who will get them and the price at which the goods will be offered for sale. This is a **command** economy.
- **Capitalism:** the means of production are privately owned by individuals or companies and operated for profit. This is a **free-market** economy.