Chapter 23 in Brief

SECTION 1

Capitalism (pp. 658–664)

★ Capitalism is another name for the free enterprise system.
★ Entrepreneurs use land, labor, brain power, and capital to produce goods and services.
★ Private ownership, individual initiative, profit, and competition are the fundamental elements of capitalism.
★ A mixed economy is one in which the government intervenes to promote and regulate the economy.
★ Businesses may be organized as sole proprietorships, partnerships, or corporations.

SECTION 2

Socialism (pp. 666–670)

★ In a socialist economy, the government strives for social and economic equality for all members of society.
★ Karl Marx (1818–1883) and his collaborator Friedrich Engels (1820–1895) laid out the basic tenets of modern-day socialism.
★ The British Labour Party and other “Social Democratic Parties” in Europe believe that the ends of socialism can be gained by peaceful, democratic means.
★ Socialist economies feature government ownership of industry, high taxes, and generous public welfare programs.
★ Although socialism began in industrial countries, many developing nations were attracted to socialism by the promise of equality and economic growth.

SECTION 3

Communism (pp. 672–676)

★ Karl Marx predicted that the final stage in human history would be a world of peaceful, democratic communes.
★ No country has ever created a political/economic system that even remotely resembles Marx’s ideal.
★ Communist economies depend on a strong central government that owns all industry and farmland and plans all parts of the national economy.
★ In the Soviet Union, Lenin and Stalin created a communist dictatorship that controlled all aspects of life.
★ China, Cuba, North Korea, Vietnam, and other countries have also experimented with communism.