**Capitalism vs. Socialism vs. Communism**

*Socialism:* an economic system in which the government owns or controls many of the means of the production and directly provides for many of the people’s needs. A socialist system does not necessarily have to be democratic.

*Communism:* economic and political system in which factors of production are collectively owned and directed by the state; theoretically classless society in which everyone works for the common good and the need for personal advancement is secondary to societal advancement. Theoretically it is a “perfect democracy” but in historical practice a dictatorship.

*Capitalism:* an economic system where the private citizens own the factors of production. Based on free enterprise, there is economic freedom, voluntary exchange, private property, and profit motives are characteristics of capitalistic systems. Capitalistic systems tend to have political freedom in varying degrees.

**Directions:** Complete the graphic organizer using the Word Bank Below

|  |  |  |
| --- | --- | --- |
| **Capitalism (Free Enterprise)** | **Socialism** | **Communism** |
| 1)  2)  3)  4) | 1)  2)  3)  4) | 1)  2)  3)  4) |

**Word Bank**

* Businesses and industries are owned by private individuals
* Businesses and industries are owned by both private individuals and the government
* All businesses and industries are owned by government
* The government taxes a large part of your income
* Public services like health care are free and funded by taxes and the state
* People own all of their personal property like cars, houses, and homes
* No one is ever unemployed
* People expect to be compensated during times of unemployment
* This society has no economic or social classes
* Social and economic classes are based on the amount of wealth a person has
* Businesses compete with each other for profit
* Democracy is found in perfect equality of citizens rather than voting