Politics: The methods or tactics involved in managing government and gaining power.

Comparative Economic Systems

Capitalism: An economic system characterized by open competition in a free market and based on private ownership.

* Laissez-faire
	+ Adam Smith provided this economic theory that opposed governmental interference in big business
1. Private Ownership
	* Means of production are owned privately
	* These are held freely with very little interference from the government.
2. Factors of Production
	* Land, human resources, capital and management are needed
		+ Land – needed for agriculture, mining, forestry or space for a factory
		+ Human Resources – people are needed to work in the factories, farms and businesses
		+ Capital – money or property invested in businesses by one or more individuals
		+ Management – needed to organized the other factors and make them run efficiently
3. Free Competition
	* Competition keeps prices down and quality high because consumers will seek the best product for the least amount of money.
4. Laws of Supply and Demand
5. Freedom of Choice
	* In this system people may choose when and how they want to participate.
	* Whether it be as an entrepreneur or as a consumer

|  |  |
| --- | --- |
| Pro | Con |
| * Capitalism rewards those who deserve it; the most intelligent, the hardest working, and the most ambitious
* Competition brings out good qualities in people; they try harder than they would without it
* Capitalism allows people to compete; therefore, almost everyone has a chance to do well.
 | * Capitalism rewards people who are the most ruthless, and others less able to compete are hurt by the system
* Competition brings out the bad side of human nature. It encourages people to bee selfish and greedy.
* Capitalism eventually results in monopoly, or only one company controlling an industry, because everyone else will be driven out of business.
 |

Communism: A system of government in which the state controls the means of production.

* Developed by Karl Marx, in his book Das Kapital
	+ Marx’s political and economic views are known as Marxism.
	+ Capitalism = past
	+ Communism = future
1. Original Communal Societies
	* People originally lived in these type societies, where everyone was basically equal.
2. Class Struggle
	* Problems began in society as soon as people began to own private property.
	* Once that happened, people where split into two classes
		+ Bourgeoise 🡪 owners of the factories
		+ Proletariat 🡪 the workers/labors
3. Labor Theory of Values
	* A product has no value until a worker transforms it into something useful.
	* Capitalists stole their profits from the workers
4. Economic Control of Society and Government
5. Revolution of the Proletariat
	* Capitalism exaggerated the class-based operation to the point that the proletariat would finally revolt.
6. Dictatorship of the Proletariat
	* A period of authoritarian rule that would supervise the change to a property-less society without classes.

Socialism: The economic system that advocates government ownership of the means of production.

1. Nationalization
	* Most big businesses are owned by the government
2. Public Assistance
	* The government takes on the role of taking care of its citizens (usually takes the form of things like public health care, education, welfare, etc.)
	* Popular in a lot of European countries
3. Taxation
	* To pay for the public assistance programs, citizens pay a large amount in taxes.
		+ A citizen could pay anywhere between 50-80% of their income in taxes.
4. Command Economy
	* The government controls how much is made from a particular company or factory.

|  |  |
| --- | --- |
| Pro | Con |
| * Socialism levels the inequalities between the rich and the poor
* Socialism is morally superior to capitalism. It emphasizes social responsibility and cooperation.
* Socialism makes political democracy work more smoothly by complementing it with economic democracy
 | * Socialism removes people’s right to earn as much money as they are capable of earning.
* Socialism deprives people of freedom and the incentive to be as good as they can be.
* Socialism turns government into a bureaucratic nightmare. Economies are too complex to be directed by central planners.
 |

Comparative Measures of Political Systems

Measures of Authoritarian Systems –

1. Citizens as subjects
2. Restrictions of Communications and Speech
3. Narrow recruitment of political leaders
4. Rule of individuals, not law
5. No Competitive Elections

Measures of Democracy –

1. Political Participation by Citizens
2. Freedom of Communication & Speech
3. Recruitment of political leaders
4. Effect of Citizen participation
5. Rule of Law, not individuals
6. Competitive Popular Elections