

## Summaries:

[Capitalism](#) as defined by Merriam-Webster's is:

An economic system characterized by private or corporate ownership of [capital](#) goods, by investments that are determined by private decision, and by prices, production, and the distribution of goods that are determined mainly by competition in a free market.

[Communism](#) is defined as:

**1 a:** a theory advocating elimination of private property **b:** a system in which goods are owned in common and are available to all as needed.

**2** *capitalized*

**a:** a doctrine based on revolutionary Marxian socialism and Marxism-Leninism that was the official ideology of the Union of Soviet Socialist Republics.

**b:** a totalitarian system of government in which a single authoritarian party controls state-owned means of production

**c:** a final stage of society in Marxist theory in which the state has withered away and economic goods are distributed equitably.

**d:** [communist](#) systems collectively.

[Socialism](#) is defined as:

**1:** any of various economic and political theories advocating collective or governmental ownership and administration of the means of production and distribution of goods.

**2 a:** a system of society or group living in which there is no private property.

**b:** a system or condition of society in which the means of production are owned and controlled by the state.

**3:** a stage of society in Marxist theory transitional between capitalism and communism and distinguished by unequal distribution of goods and pay according to work done.

## Expanded discussion:

[Capitalism](#) as defined by Merriam-Webster's is:

An economic system characterized by private or corporate ownership of [capital](#) goods, by investments that are determined by private decision, and by prices, production, and the distribution of goods that are determined mainly by competition in a free market.

Usually, for those who study economics and are devout believers in capitalism, Milton Friedman, John Keynes, and Friedrich Hayek are the names that comes to mind. However, before I get in to them, you might be surprised to learn that capitalism actually has its origins in the middle-ages with Rome and the Middle-East. Up until the European Enlightenment period when the term "capitalism" was actually coined, the earliest form was called "mercantilism." [Mercantilism](#) was defined as the distribution of goods in order to realize a profit.

It wasn't until the 1300's when Europeans were sailing the world for the purpose of expanding their mercantile practices that the term "capitalism" was finally developed and used as an economic philosophy. It was during this period that capitalism became a way of thinking, so to speak.

Fast forward to the early 20th Century – enter John Maynard Keynes and Friedrich Hayek. While both have firm roots in capitalism, each had their own ideas regarding the inner mechanisms that should drive capital, investments, money, and economic growth. The entire premise behind capitalism is that markets should be free from any government and political influence in order to continue economic growth. A true capitalist free-market system has no barriers to growth, ergo capitalist nations would continue to become wealthier.

The idea behind Keynesian economics is that in a capitalist system the private sector will make errors that lead to inefficiencies. As such, [Keynes](#) advocated that government should step in to create public policy and the central bank should step in to create monetary policies.

[Hayek](#) took a libertarian stance on capitalism and the free-market. He studied business and monetary cycles and was influential, and somewhat controversial at the time since Keynesian economics was all the rage, as his beliefs were essentially that any government interference in a capitalist society would lead to socialism and ultimately to totalitarianism. His was a direct argument against Keynesian economic models.

[Milton Friedman](#) advanced the notion that, counter to Keynes, monetarism should be the driving force behind economic policy in a capitalist society. In short, by manipulating the money supply prices, inflation, and employment could be controlled, and if done correctly, reduce inflation, increase employment, and stabilize prices.

I encourage you to follow the links to read more on these three individuals as I have provided but a snippet. These three individuals were the leading economists and philosophers of their time having been award Nobel prizes and Nobel Laureates. Their works are more broad than what I have presented here.

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Communism – the evil of all evils! Right? Remember the slogans? “Better red than dead!” Well, when you look at the [origins of communism](#), you wonder where it went astray as communism would almost make sense. If you look at the root word – commune – it would illicit a sense of community, harmony, friendship, symbiosis, etc. Communal property and symbiotic relationships are actually at the core of communism.

One of the earliest supporters of communism was Plato – the Greek philosopher. Communism also has roots in religion as well. Under earlier forms of Judaism and Christianity, property ownership was considered evil because God created this earth for one and all. There are many communes existing today in Israel – these are known as Kibutzim or Kibutzes. However, communism at its earliest origins is completely different than modern communism.

Three key figures in modern communism are Francois Babeuf, Karl Marx, and Friedrich Engels. Their actions, activities, and philosophy are at the very heart of modern-day communism.

[Francois Babeuf](#), a political journalist, wrote *Manifesto of the Equals* in 1796 and was one of the key supporters and organizers within the French Revolution. His manifesto supported an egalitarian system of where all property and labor were shared equally. He formed an underground society in hopes to overthrow the government citing the original revolution did not go far enough. The earliest form of communism was actually "Babouvism."

[Karl Marx](#) – a German philosopher considered the father of communism and socialism. Marx, along with Engels, wrote *The Communist Manifesto* in 1848 (considered the founding documents of Communism similar to the American Constitution) which elevated the working class through equal distribution of productivity and equal share of property. He is most quoted as stating "From each his own according to his own ability to each according to his needs." This is the basis for wealth redistribution. His manifesto was a direct attack on capitalism and the Bourgeois upper class.

If you read the manifesto it sounds like a great idea. However, since he never outlined a plan as to the structure and mechanisms for living in a communist society, I don't think he could ever have imagined that the ideas put forth in his manifesto would be developed in to an authoritarian system where the political elite enslaved the working class. The modern communist systems are the complete opposite of what he proposed. His philosophy was about removing the class system altogether where all men were truly equal.

[Friedrich Engels](#) – another German philosopher – was the co-author with Marx on the Communist Manifesto. He met Marx when he moved to Paris. As with Marx, he too was a strong supporter of the working class and was determined to abolish the class system. He was responsible for the editing the 2nd and 3rd editions of the Communist Manifesto after Marx died. It was Engels who actually furthered the theory of Marxism. Interestingly, Engels came from an upper-class family of textile owners. In fact, he owned his own cotton textile business. Even while collaborating with Marx – he continued to profit from his business and used this profits to finance Marx.

Engels was the founder of the Communist League in 1847 – a year before the manifesto was written. Both Marx and Engels believed that revolution was necessary in order to bring about an egalitarian order and often help to organize such revolutions with the working class. Essentially, if it weren't for Engels, the Marxist form of socialism and communism would never have advanced.

[Socialism](#) is defined as:

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Socialism was borne from the French Revolution and the Industrial Revolution in which the working class (the Proletariat) formed an uprising against the industrial elite (the Bourgeois). However, it was half a century later when the actual term "socialism" was beginning to widely become accepted. Based on my research the term has been attributed to several individuals: Pierre Leroux, Marie Rouch Louis Reybald, and/or Robert Owen. Exactly who is still under discussion.

The individuals most associated with the socialist movement are comte de Saint Simon, Robert Owen, and Pierre-Joseph Proudon. (I bet you thought Marx was included here!) Actually, Marx just furthered the cause of socialism and further defined socialism as the step between capitalism and communism.

[comte de Saint Simon](#) – or more formerly known as Claude Henri de Rouvroy – is considered to be the father of French socialism. He was a philosopher and socialist utopian. Saint Simon was actually Marx's inspiration. In Saint Simon's vision of a socialist utopia he saw a "new christianity" where all traditional religions were abolished in favor of philosophers, scientists, and engineers. In his socialist utopia, production and labor were controlled by the scientists with the purpose of producing those things that were useful in life. Interestingly, Saint Simon was another of the Bourgeois elite, as with Engels. However, he died a poor man.

Because of Saint Simon's views on socialism and science it was he who actually is responsible for today's [social sciences](#). He had hoped to elevate the study of society to that of natural and traditional sciences.

[Robert Owen](#) was another of the industrial elite/business owners turned social utopian. However, his business model for operating his textile factory was based on social engineering. He created a town around his business (New Lanark) where all members contributed

equally in the production of his business and all of his employees were taken care of.

He attempted to create several of these communities, or what he called, Villages of Cooperation. However, there was no democratic input in to the operations of the business by his employees. When his social experiment did not succeed in Britain, he moved to the United States. His own brand of socialism "Owenism" became widely known in the U.S.. In 1819 he started one of his Villages of Cooperation and called it New Harmony in Indiana. There were about ten of these communities throughout the U.S. However, these social experiments also failed as American workers were used to having democratic input and did not appreciate his authoritarian style.

[Pierre-Joseph Proudhon](#) – considered a socialist anarchist. His view on property ownership was that it was theft. He believed in the advancement of communitarianism (not communism) and equal division of labor and property among the community to include a democratic form of authority. He wanted to see the "state" abolished as well. One could say that Proudhon was a very pure socialist. Proudhon eventually [surpassed](#) Marx as one of the leading left thinking intellectuals and was inspiration to many of the notorious anarchists (Tolstoy, Bakunin, etc.).