

Government and Economic Systems Guided Notes

Economic Systems:

1. What and how much should be provided?
2. How goods and services should be produced?
3. Who gets the goods and services?

Capitalism:

- free enterprise – freely made economic decisions
- Adam Smith (1776) - laissez-faire – “let alone” – government should stay out of economics, the market should decide.
- mixed-market economy - US is not a pure market/capitalist economy because it regulates business.
- Problem – large distance between wealthy and poor.

Socialism:

- government/public owns the means of production
- wealth and opportunity distributed equally among society
- society controls economic decisions through participation in government.
- Democratic socialism – Great Britain, France,
- Problem – people can't make economic decisions on their own, high taxes, limited economic growth, can lead to dictatorship.

Communism:

- Karl Marx – (1818-1883) believed society was divided between
Capitalists – bourgeoisie – own the means of production
Workers – proletariat – producers of the goods.
- Human history was class warfare.
- Predicted fewer and fewer people would control more and more, the proletariat would revolt, under communism people would own the means of production with no need for government.
- Communist nations have command economies, state controls all

Name: _____

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Three Economic Questions:

1. _____
2. _____
3. _____

Capitalism

Socialism

Communism

In what ways do we see these economic systems in our country?

In what ways is our government like a socialist government?

In what ways is it capitalistic?

Can you see what Marx was talking about in our country?
