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Essay: Capitalism vs Socialism

Capitalism vs Socialism

The terms capitalism and socialism are both used for economic political systems. The capitalist economic model focuses on the free market for creation of wealth. The socialist economic model on the other hand uses the production of goods and services that are partially/fully regulated by the government. The capitalist model is referred to as a market economy, meanwhile the socialist model is referred to as central planning.

While in a capitalist economy, individuals have complete ownership of their property and businesses. The demand for goods and services all rely on how much goods and services are used by the general public. One of the main purposes of capitalism is to drive businesses to strive efficiently, by making the best products for the population at low costs. This creates freedom to the general population because it allows people to buy goods and services at a cheaper price. While in a capitalist society, the equal distribution of goods and services is applied to the population and there's little to no inequality within the society.

Whereas in a socialist economy, things are a little different. In a socialist economy, the state owns and has control over the major means of production. With this being said, worker cooperative is a firm that takes place in this economy that is self managed by its own workers. In a socialist society, all consumer prices are set by the government. Healthcare would either be provided for free or subsidized by the government. Unfortunately, in a socialist society taxes are raised high in order to pay

for public services. The main problem/concern in a socialist society is the equal distribution of wealth in its population. Socialist societies try their best to eliminate economic inequality by controlling the entirety of businesses across their nation. When a system is purely socialist, all means of production are state-owned and run.

In some cases, some countries can incorporate both systems in their government. To achieve this, the country would need to take the private sector system from the capitalist side and also take the public sector enterprise from the socialist side. By doing this, a country tries to overcome the disadvantages that both systems have.