

## Week Eighteen: The Cold War

### COMMUNISM

Frederick Engels, 1847

#### **What is Communism?**

Communism is the doctrine of the conditions of the liberation of the proletariat.

#### **What is the proletariat?**

The proletariat is that class in society which lives entirely from the sale of its labor and does not draw profit from any kind of capital; whose weal and woe, whose life and death, whose sole existence depends on the demand for labor – hence, on the changing state of business, on the vagaries of unbridled competition. The proletariat, or the class of proletarians, is, in a word, the working class of the 19th century...

#### **What will be the course of this revolution?**

...

Democracy would be wholly valueless to the proletariat if it were not immediately used as a means for putting through measures directed against private property and ensuring the livelihood of the proletariat. The main measures, emerging as the necessary result of existing relations, are the following:

- (i) Limitation of private property through progressive taxation, heavy inheritance taxes, abolition of inheritance through collateral lines (brothers, nephews, etc.) forced loans, etc.
- (ii) Gradual expropriation of landowners, industrialists, railroad magnates and shipowners, partly through competition by state industry, partly directly through compensation in the form of bonds.
- (iii) Confiscation of the possessions of all emigrants and rebels against the majority of the people.
- (iv) Organization of labor or employment of proletarians on publicly owned land, in factories and workshops, with competition among the workers being abolished and with the factory owners, in so far as they still exist, being obliged to pay the same high wages as those paid by the state.
- (v) An equal obligation on all members of society to work until such time as private property has been completely abolished. Formation of industrial armies, especially for agriculture.
- (vi) Centralization of money and credit in the hands of the state through a national bank with state capital, and the suppression of all private banks and bankers.

## Week Eighteen: The Cold War

---

(vii) Increase in the number of national factories, workshops, railroads, ships; bringing new lands into cultivation and improvement of land already under cultivation – all in proportion to the growth of the capital and labor force at the disposal of the nation.

(viii) Education of all children, from the moment they can leave their mother's care, in national establishments at national cost. Education and production together.

(ix) Construction, on public lands, of great palaces as communal dwellings for associated groups of citizens engaged in both industry and agriculture and combining in their way of life the advantages of urban and rural conditions while avoiding the one-sidedness and drawbacks of each.

(x) Destruction of all unhealthy and jerry-built dwellings in urban districts.

(xi) Equal inheritance rights for children born in and out of wedlock.

(xii) Concentration of all means of transportation in the hands of the nation.

It is impossible, of course, to carry out all these measures at once. But one will always bring others in its wake. Once the first radical attack on private property has been launched, the proletariat will find itself forced to go ever further, to concentrate increasingly in the hands of the state all capital, all agriculture, all transport, all trade. All the foregoing measures are directed to this end; and they will become practicable and feasible, capable of producing their centralizing effects to precisely the degree that the proletariat, through its labor, multiplies the country's productive forces.

Finally, when all capital, all production, all exchange have been brought together in the hands of the nation, private property will disappear of its own accord, money will become superfluous, and production will so expand and man so change that society will be able to slough off whatever of its old economic habits may remain.

Taken from: <http://www.marxists.org/archive/marx/works/1847/11/prin-com.htm>

## Week Eighteen: The Cold War

---

### CAPITALISM

**Capitalism** is an economic system where things (property, for example) are owned by people or an individual, not by a government or communities. People have to barter or work for money so they can buy things they need or want, such as food. Capitalism mostly has a free market economy, which means people buy and sell things by their own judgment. In most countries in the world today the economy also has a degree of planning, done by the government or by trade unions. They are actually called "mixed economies" instead of completely free markets. Some people disagree on whether capitalism is a good idea, or how much of capitalism is a good idea.

The word comes from "capital", meaning something of value. This can be money ("*financial capital*") or any other goods that can be traded. The word "capital" originally comes from the Latin word *caput*, meaning "head." It was used to mean how many "head" of cattle a rich person owned, in days long ago when cattle were used as money. In fact, the words "capital" and "cattle" both come from *caput*.

The philosopher Adam Smith's book, *The Wealth of Nations*, was an important book that developed the ideas of capitalism and the free market. The word "capitalism" was not used until the late 19th century.

#### BUYING, SELLING, WORKING, AND HIRING

---

In capitalism, people may sell or lend their property, and other people may buy or borrow it. If one person wants to buy, and another person wants to sell to them, they do not need to get permission from higher power. People can have a market (buying and selling with each other) without anyone else telling them to. People who own capital are sometimes called *capitalists* (people who support capitalism are called capitalists, too). They can hire anyone who wants to work in their factories, shops or lands for them for the pay they offer.

The word *capital* can be used to mean things that produce more things or money. For example, lands, factories, shops, tools and machines are capital. If someone has money that can be *invested*, that money is capital too.

In capitalist systems, many people are workers (or *proletarians*). They are employed to earn money for living. People can choose to work for anyone who will hire them in a free market.

This is different from many older economic systems. In *feudalism*, most people were *serfs* and had to work for the people who owned the land they lived on. In *mercantilism*, the government makes it hard to buy things from other countries. In many countries with *mixed economies* (part capitalism and part socialism) there are laws about what you can buy or sell, or what prices you can charge, or whom you can hire or fire.

#### INVESTING

---

An *investment* is when people invest (give) their money in things. People can put their money together to buy or build things, even if they are too big for one person to make

## Week Eighteen: The Cold War

---

alone. The people who invest get to be the owners of what they buy or build together. The stock market lets people buy and sell investments.

Investing is important to capitalism. The word "capitalist" can mean two things: it can mean someone who likes capitalism; but it can also mean someone who invests. For example, a *venture capitalist* invests in new businesses.

People who start businesses, or invest in businesses, can make a lot of money. A business sells things that people want. The investors make extra money, which is called *profit*. Investors can take their profit and invest it in more businesses, or in making the business bigger. The investors can get more and more profit if the businesses are successful...

### PEOPLE WHO AGREE

---

There are different words for people who support capitalism. In many parts of the world, these people are called either *conservatives* or *liberals* (especially *market liberals*). In the United States, the word "liberal" can mean someone whose beliefs lean toward socialism - what other countries might call a *social liberal*. *Libertarian* is a word that in America and some other countries means someone who wants the government to have little or no power to tell people what to buy or sell.

Capitalists usually say that people who are poor should get the help they need from charities instead of the state.

People who support capitalism also have disagreements. Most people agree that capitalism works better if the government keeps people from stealing other people's things. If people could steal anything, then nobody would want to buy anything.

In most countries, the government does more than that. It tries to make sure that people buy and sell fairly and that employment is fair. Because the government takes a lot of money in taxes, it also buys a lot of things and gives a lot of money away. It spends money on guns and ships for the military, on science research in universities, and on schools and libraries. It also gives money to people who do not have jobs, and to businesses that the political leaders think are important. Sometimes the government gives money to people just because those people support the politicians who are in office. When the government is in charge of part of the economy, this is called a "mixed economy."

A few people think that people can protect themselves without any government. Instead of having laws against stealing, people could protect their own things, or agree to pay other people such as arbitrators, insurers, and private defenders to protect them. This belief is called "anarcho-capitalism." These people think that the government is a thief, because it takes taxes away from people against their will and keeps them from making agreements between themselves.

Taken from <http://simple.wikipedia.org/wiki/Capitalism>

## Week Eighteen: The Cold War

### COMMUNISM VS. CAPITALISM

<i>What does this ideology say about...</i>	<b>Communism</b>	<b>Capitalism</b>
<b>Property</b>		
<b>The Role of Government</b>		
<b>Individual Rights</b> (not directly stated; infer from the passage)		