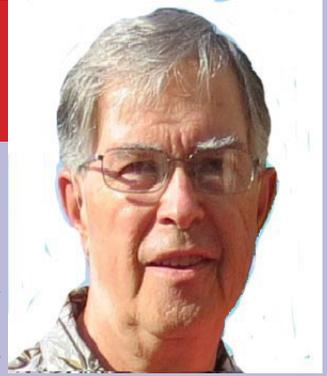


Guest Columnist



Capitalism vs. Socialism: *What's the Difference?*

First off, capitalism and socialism are ECONOMIC systems. They are not political systems or ideologies, although in today's societies and media reports the terms often get intertwined.

Let's start with definitions from Merriam-Webster:

Socialism: any of various economic and political theories advocating collective or governmental ownership and administration of the means of production and distribution of goods. Socialism has also been described as a form of government that continuously expropriates private capital until all the industry in the country has been nationalized (or until the country's economy has been run into the ground, whichever comes first). Socialism prefers big government.

Is there any pure economic system?

Whereas a capitalist economy encourages private actions and ownership, socialism prefers public or government ownership and control of all parts of the economy.

In a pure capitalist system, there would be no public schools or public parks, no government programs such as Social Security and Medicare, and maybe not even any public highways or police.

In a pure socialist system, there wouldn't be any private corporations, the government would own and run everything.

After reading the last paragraphs, you quickly realize there are no pure socialist or capitalist countries or systems. When a country or other political entity gets formed (born, ap-

Capitalism: 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. Capitalism prefers small government.

The glaring differences between the two systems are: **who or what owns and administers the means of production** (factories, farms, offices); and who or what distributes the goods or services produced or created thereof. In pure socialism, the government ("the state") owns, operates and distributes everything. In pure capitalism, there is private or corporate ownership of everything.

pointed, created), the organizers must decide which system suits them best. Immediately it becomes apparent that some combination of these systems is necessary to "form a more perfect union." That's where the friction begins!

Which does what?

Government is generally assigned the "big jobs:" border security; immigration rules; economic security; infrastructure – roads, waterways, bridges, public health and safety; transportation management; import-export rules; national defense; and so forth. The private sector owns

and manages the means of production and distribution of goods, services, utilities, financial institutions, labor and materials.

But that still leaves many essential services and functions to be allocated. When there are states or provinces

added to "government," the equation becomes even more complex. Consider: healthcare, retirement security, education, social welfare, care for the aged, indigent and "poor," and licensing and other rules to operate/control all these things. The mind boggles. You get the idea.

Stances of US political parties

The two major political parties in the United States of America generally favor one or the other of these systems. Conservatives (Republicans, the "right") favor capitalism,

with as little government control as possible. Liberals (Democrats, the "left") favor socialism, with the government at all levels having a major role in everything. Our economy is a

conglomeration of both systems, some good, some bad. That's where politics comes into play and the divisiveness abounds.

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Which Is Best?

Socialism: Western Europe (the “EU”) strongly believes in the large welfare state, with the government having its fingers in just about everything. The “state” is by far the most powerful force in society. Some of their economies are strong, other not so much. Venezuela and Cuba, socialist countries geographically nearer to the USA, are not success stories economically. Venezuela is essentially financially bankrupt. Cuba is still an agrarian (farming) society where citizens drive cars dating from 1958 to 1962 (none newer). Margaret Thatcher, long-time and former Prime Minister of England, is quoted from a TV interview in February 1976: “...*Socialist governments traditionally do make a financial mess. They always run out of other people’s money. It’s quite a characteristic of them. They then start to nationalize everything...*” Does this mean socialism doesn’t work? Many smaller European countries (socialist oriented) would say theirs is the best system and their quality of life is better. Is that proof? You can decide.

Capitalism: The US economy is among the strongest in the world. We also have \$21 trillion in national debt and many “*social welfare*” programs. Our standard of living is high, but the measuring pole has many subjective elements making other countries seem higher. People want to come to the United States for good paying jobs and our standard of living. We also have values unique to America, which are stamped on our coins: “*In God We Trust,*” “*Liberty,*” and “*E Pluribus Unum.*” Is that proof? You can decide.

One thing is certain: if the US keeps expanding social welfare programs and adding non-productive immigrants to our population, our economy and standard of living will decline. That is not the American way.

For further study go to:

<https://panampost.com/carlos-sabino/2017/04/27/socialism-is-failing-all-over-the-world/?cn-re>

Still the Best Hope – Why the World Needs American Values, by Dennis Prager, ©2012