

**REVIEW****CALIFORNIA CONTENT
STANDARD 10.3.6***Responses to Capitalism*

Specific Objective: Analyze the emergence of capitalism as a dominant economic pattern and the responses to it, including Utopianism, Social Democracy, Socialism, and Communism.

Read the summaries to answer the questions on the next page.

Capitalism is an economic system that emphasizes profit and private ownership. In capitalism, the **factors of production**—such as land and other natural resources—are owned privately, by wealthy business owners and investors. Critics of capitalism say that the system creates profit for owners and investors, but not for workers. During the Industrial Revolution, many workers labored in poverty and under dangerous conditions. New systems of thought arose in response to such problems:

Utopianism

Basic idea: people live and work together, sharing goods and property.

- Utopian communities were alternative societies based on cooperation and sharing. A number of these communities were founded in the United States in the early 1800s. Most were formed by small groups of people in rural areas and did not last for long. But a few, such as the Amana colonies in Iowa, were sizable and existed for more than a century.

Socialism

Basic idea: the factors of production are owned by the people, at least in part, and are used for the benefit of all.

- Many socialists believed that capitalism was a cause of moral and ethical problems, such as child labor and low wages. They thought people could work together to solve these problems and plan for a more fair economy. Nineteenth-century socialists played important roles in the labor movement.

Communism

Basic idea: workers should take control of all the factors of production.

- Communism is a type of socialism that is often associated with revolution. The term “communism” became famous in the book *Communist Manifesto* by Karl Marx and Friedrich Engels, published in 1848. Marx and Engels emphasized revolutionary struggle as a means of achieving a society in which all people were economically equal.

Social Democracy

Basic idea: government plays a role in managing production and provides certain social services.

- Social democrats believe that the government should play a role in the economy in order to make sure that the people receive certain benefits, such as health care and education. Social democracy developed in the 20th century out of socialist ideas. It is the dominant system in many European nations today.

**PRACTICE****CALIFORNIA CONTENT
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Directions: Choose the letter of the *best* answer.

- 1 Which statement would a critic of capitalism have *most* likely made during the Industrial Revolution?**
 - A** “Rapid economic growth destroys our natural resources.”
 - B** “Most of our consumer goods are produced overseas.”
 - C** “Business owners get rich while workers remain poor.”
 - D** “The cost of machinery and new factories is too high.”
- 2 Nineteenth-century socialists made significant gains in**
 - A** the United States Congress.
 - B** the labor movement.
 - C** abolitionism.
 - D** halting the Industrial Revolution.
- 3 What was the relationship between work and property in a utopian community?**
 - A** Those who worked the most owned the most property.
 - B** A few owned most of the property while others worked for them.
 - C** People worked separately but shared their property.
 - D** People worked together and shared their property.
- 4 With what economic idea is Karl Marx *most* closely associated?**
 - A** capitalism
 - B** socialism
 - C** communism
 - D** social democracy
- 5 Citizens in a social democracy expect their government to**
 - A** provide them with certain benefits.
 - B** leave the economy alone.
 - C** own all the factors of production.
 - D** engage in collective bargaining.
- 6 Which economic system emerged in Europe as a response to *both* capitalist and socialist ideals?**
 - A** socialism
 - B** communism
 - C** trade unionism
 - D** social democracy