

# Economic Systems Thematic Essay

Task: Choose **two** different economic systems and for **each**

- Identify one society in which it has been used
- Describe the historical circumstances surrounding the development of the system
- Describe 2 features of the system
- Evaluate the impact on a society during a specific time period.

# Capitalism

**Society:** Britain Industrial Age (1800s)

## **Historical Circumstances:**

- Age of exploration brought increases in wealth, raw materials and population to Europe.
- New inventions such as the flying shuttle and steam engine led to the development of the factory system.
- People moved to cities (urbanization) to find industrial work and left rural areas.
- The Commercial Revolution set the stage for industrialization by developing modern banking, joint stock companies and free market principles.

# Capitalism

## **Features:**

- Free Market Economy.
- Laissez Faire – No government involvement.
- 3 Laws: Competition, Self Interest, Supply/Demand

## **Impact on Society:**

- Urbanization
- Development of railway systems for shipping goods
- Poverty
- Pollution
- Poor Working Conditions (Sadler Report)
- Labor Unions, Child Labor Laws develop in response to conditions.

# Communism

**Society:** Soviet Union

## **Historical Circumstances:**

- Czarist Russia FAILS TO MEET THE NEEDS OF THE PEOPLE → Incredible Poverty
- Bloody Sunday: People protest and ask for better jobs, working conditions, representation → Innocents are massacred.
- Bolshevik Revolution: V.I. Lenin leads Bolsheviks (communists) who overthrow the czar and establish a government based on communist principles. (PEACE LAND AND BREAD)
- Stalin takes over the leader of the communist party

# Communism

## Features:

- Command Market Economy.
- Classless Society

## Impact on Society:

- 5 Year Plans: Collectives Agriculture, Increase heavy industry
- Soviet Union becomes a significant industrial power
- Ukrainian Forced Famine – Used because Kulaks (wealthy farmers) resisted collectivization.
- Massive shortages of consumer goods