

Comparative Economic and Political Systems

Economics and politics . . . you may think of them as very different. One has to do with your wallet and the other with your government. But often economic issues are also political issues, and vice versa. To separate the two is hard. For example, most adults in the United States have jobs, make money, buy clothes, and pay bills in a capitalistic economic system. Likewise, people follow a democratic system when they vote, pay taxes, and follow traffic rules. Most U.S. citizens never think about carrying on these day-to-day activities in any other way.

In fact, people in other countries accept an array of economic and political rules that are different from those in America. Each country arranges its economic and political system in its own way. But the systems of some countries have some general similarities to others. These similarities, or patterns, allow us to identify basic types of political and economic systems. And that, in turn, allows us to understand similarities in the ways citizens of different countries conduct their affairs.

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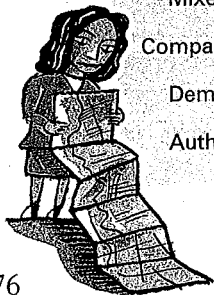
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CAPITALISM

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3. FREE COMPETIT consumption? The ethically and freely. person is the one w and quality high be amount of money.

4. LAWS OF SUPPLY mined by how man want them. When s drop, demand usual up once more, but c to control prices, ke

definitions

capitalism—an econo on private ownership.

capital—money or pro

Comparative Economic Systems

Economic systems define the basic rules for producing, distributing, and consuming goods that people need or want. Three different modern economic systems are capitalism, communism, and socialism.

CAPITALISM

Capitalism, also known as the free enterprise system, has five basic rules for production, distribution, and consumption:

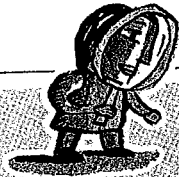
1. **PRIVATE OWNERSHIP** Most of the means of production—such as factories, stores, or businesses—are owned privately rather than publicly. Individuals or groups of individuals hold them freely with few or limited controls by government. Decisions about how much and when to produce and how to price products are made by private owners, not by the government.
2. **FACTORS OF PRODUCTION** In order to produce goods and services that people need, four types of resources are necessary. First, producers need land for agriculture, mining, forestry, or simply the space for building a factory. Second, human resources are needed—people to work in the factories, offices, or farms. A third factor is **capital**—the money, machinery, or buildings that are necessary to make the products. Fourth, management is needed to organize the other factors and make them run efficiently.
3. **FREE COMPETITION** Who controls production, distribution, and consumption? The basic rule of capitalism is that people should compete ethically and freely. The assumption is that, in most cases, the most deserving person is the one who succeeds. In theory, competition keeps prices down and quality high because consumers will seek the best product for the least amount of money.
4. **LAWS OF SUPPLY AND DEMAND** Prices in the free market are determined by how many products there are to go around and how much people want them. When supplies become plentiful, prices tend to drop; and if prices drop, demand usually increases until supplies are used up. Then prices will go up once more, but only until demand goes down. These laws work in a cycle to control prices, keeping them from getting too low or too high.

definitions

capitalism—an economic system characterized by open competition in a free market and based on private ownership.

capital—money or property invested in businesses by one or more individuals.

- 5. FREEDOM OF CHOICE** Capitalism assumes that all people involved in the economic cycle may freely choose when and how to participate. People may produce and consume goods when and how they choose. **Entrepreneurs**—that is, people who start businesses or invent new means of production—may switch businesses. People who are hired as workers choose where, when, and how much they will work. And consumers have choices among a variety of products and services.



e.g.

CAPITALISM AND SHOES

Let's look at how a capitalist system would handle the production, distribution, and consumption of a particular product: shoes. Under capitalism, some individuals in the society will decide to start producing shoes. They will get the land, workers, capital, and management they need. People who need shoes can freely decide where to go for their shoes. Although it may not be convenient to go to the factory where they are produced, other people will figure out how to distribute the shoes, getting them to those who need them. Others will open stores to sell shoes. The price of the shoes will vary according to the demand for them. If too many people are producing shoes, the supply goes up. The producers will have to compete for customers by lowering their prices. Once shoes are priced so low that people decide to buy them again, the supply goes down, causing more competition for shoes. Then the price goes up again, starting the whole cycle over again.

Adam Smith's influential theory of the free enterprise system was based on enlightened self-interest and *laissez-faire* theory. Smith believed that in the pursuit of personal wealth, people will see how their interest is tied to the interests of others. By providing goods, services, jobs, and opportunities for new enterprises, individuals enrich the entire community. In Smith's view, government should not interfere with business, except to protect and promote free competition and the process of supply and demand. However, American capitalism has not operated on pure *laissez-faire* principles. The government has been involved in many aspects of American economic life—from prohibiting monopolies and protecting the environment to operating toll highways and setting consumer safety standards.

entrepreneur—a person who organizes and develops new ideas for a business.

laissez-faire—an economic theory that opposes governmental interference in big business; literally, "leave it alone."



CAPITALISM: A FAIR ECONOMIC SYSTEM?

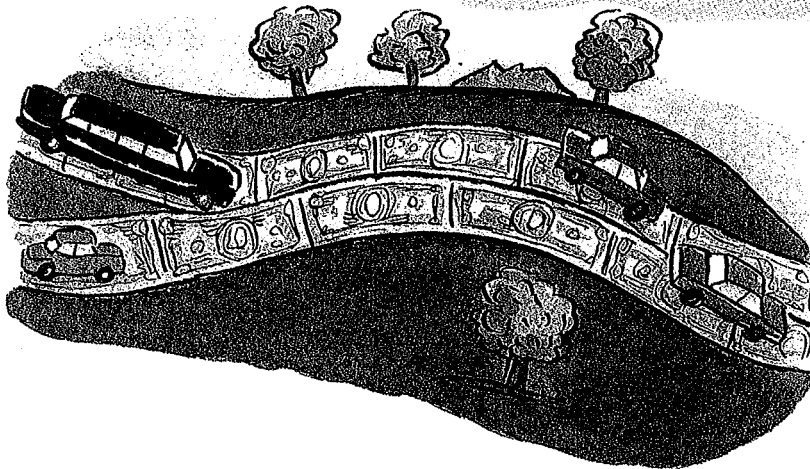
Capitalism is an accepted or preferred economic system in many countries today—for example, the United States, Japan, and Germany. In nearly all countries, restrictions have been placed on capitalistic economies because of some important criticisms of its effects. Look at both sides:

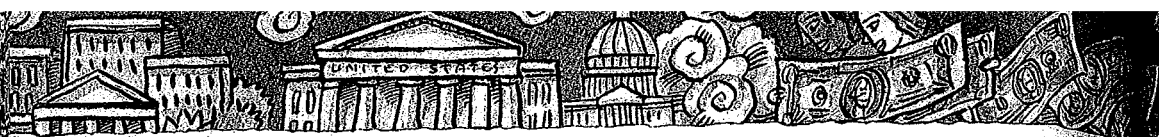
PRO

1. Capitalism rewards those who deserve it: the most intelligent, the hardest working, and the most ambitious.
2. Competition brings out good qualities in people; they try harder than they would without it.
3. Capitalism allows people to compete; therefore, almost everyone has a chance to do well.

CON

1. Capitalism rewards people who are the most ruthless, and others less able to compete (such as the sick) are hurt by the system.
2. Competition brings out the bad side of human nature. It encourages people to be selfish and greedy.
3. Capitalism eventually results in monopoly, or only one company controlling an industry, because everyone else will be driven out of business.





COMMUNISM

The two quotes below begin and end *The Communist Manifesto*, one of the most influential political documents in modern history. The authors, strong critics of the capitalist system, suggested a powerful new economic system called **communism**. Communism has very different answers to the question of who should control production, distribution, and consumption. In communist systems, such as those in Cuba or China, the government controls economic life.



Quotes

"A spectre is haunting Europe—the spectre of capitalism."

"Workers of the world unite! You have nothing to lose but your chains."

Karl Marx and Friedrich Engels
The Communist Manifesto, 1848

The Theory of Karl Marx

In 1867, Karl Marx carefully explained the development of capitalism in his major work, *Das Kapital*. For him, capitalism was an outmoded economic system that exploited workers. Capitalism was the past; communism was the future. Marx's economic and political views are known as **Marxism**, and they provide an important foundation for communism. *Das Kapital* explained both Marx's interpretation of history and his vision for the future in six basic principles:

1. **ORIGINAL COMMUNAL SOCIETIES** Marx believed that originally people lived in communal societies, or groups, in which everyone was basically equal. People didn't own property individually. They shared their resources as a community. Even though they had different responsibilities, their survival depended on sharing and cooperating. People did what they were able to do and took what they needed.
2. **CLASS STRUGGLE** According to Marx, as soon as the idea of private property came to be accepted, problems began. People for centuries were split into two social classes—the controlled and the controllers, the oppressed and the oppressors. For example, many ancient civilizations waged wars with others, seizing their land and taking the defeated people as slaves, creating two classes: slave owners and slaves. During the Middle Ages, defenseless people turned to more powerful

definitions

communism—a system of government in which the state controls the means of production.

Marxism—the political and economic ideas, developed by Karl Marx, that emphasize class struggle.

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Marx

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PRIMITIVE SOCIAL SOCIETIES Marx believed that originally people lived in primitive social societies, in which everyone was basically equal. People lived individually. They shared their resources as a community. They had common responsibilities, their survival depended on sharing, and they did what they were able to do and took what they needed.

According to Marx, as soon as the idea of private property emerged, social problems began. People for centuries were split into slaves and controllers, the oppressed and the oppressors. Primitive civilizations waged wars with others, seizing territory and treating defeated people as slaves, creating two classes: slave owners and slaves. In the Middle Ages, defenseless people turned to more powerful lords for protection.

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ones for protection. The two classes in feudalism were nobles and serfs. During the capitalist era in which Marx lived, the two classes were called the **bourgeoisie** (the owners of the factories and other means of production) and the **proletariat** (the workers or laborers).

LABOR THEORY OF VALUE According to the communist view, a product has no value unless a worker transforms it into something useful. For example, wood and bricks are useless unless a laborer uses them to build something. Because laborers give the product its value, they deserve to be paid for it. But, in the capitalist system, workers are paid as little as possible. In the fierce competitive battle between producers trying to gain control of the marketplace, workers' salaries are a major expense. The entrepreneurs' ability to cut salaries may be the factor that causes them to win the competition. As a result, workers are paid only enough to survive. According to Marx, the capitalists stole their profits from the workers. The root of all this evil is the desire for private property, which creates greed and selfishness.

ECONOMIC CONTROL OF SOCIETY AND GOVERNMENT Marx believed that whoever controls the economy controls everything else, including the government. Under a system in which one class economically oppresses the other, the government is just a tool of those in control. Capitalists then will do whatever is necessary to keep the system going.

REVOLUTION OF THE PROLETARIAT Marx believed that capitalism exaggerated the class-based oppression to the point that the proletariat would finally revolt. Workers would become so enraged that they would overthrow the bourgeoisie in a massive, violent revolution. The main point of the revolution would be to do away with the evil—private ownership of property that had divided people into classes for centuries. The two social classes would disappear. According to Marx, a new world of equality and cooperation would emerge under the system of communism. Marx's view of philosophy was, "To each according to his need, from each according to his ability." This, he felt, would bring human society back to its purer state.

DICTATORSHIP OF THE PROLETARIAT Marx understood that the revolution would not automatically bring about an organized society. He saw the need for a transitional phase during which the state would represent and enforce the interests of the masses. Marx called this phase "the dictatorship of the proletariat," a period of authoritarian rule that would supervise the change to a property-less society without classes. After a time, the dictatorship would "wither away." Without private property and its social class distinctions, centralized government would be unnecessary.

bourgeoisie—in Marxism, the social class that profits from the work of the proletariat.

proletariat—in Marxism, the social class that is taken advantage of by the bourgeoisie.

Marxism and Communism

Marx's revolution of the proletariat did not occur in the most industrialized countries of the nineteenth century, as he thought it would. Instead, communism took hold first in Russia in 1917 and in China in 1949. Capitalism in both countries had been nonexistent. In Russia and China, communist control of the economy extended into other areas, such as controlling elections and requiring persons to pool their livestock and tools to work together on large farms. In those two countries the property-less society without classes that Marx envisioned has not yet occurred.

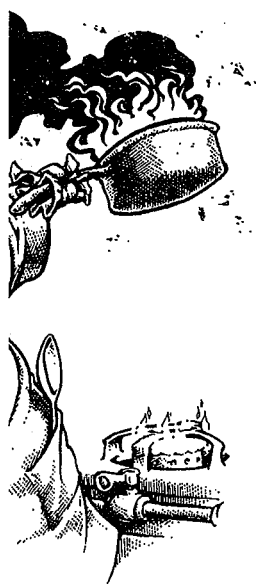
In fact, since the late 1980s, many countries—particularly those in Eastern Europe—have drifted away from communism. In 1990, for example, East Germany, a former communist state, united with West Germany under a capitalist economic system. The former Soviet Union has also now moved away from communism. By the late 1980s, dissatisfaction with the scarcity and quality of consumer goods and slow economic growth led to calls for reform. *Perestroika*, or restructuring, began in 1985 under Soviet President Mikhail Gorbachev, but it failed to stimulate the economy. Prices rose, inflation soared, and discontent increased. In 1991, when several of the republics declared independence, the Union of Soviet Socialist Republics was officially dissolved. A loose association, called the Commonwealth of Independent States, emerged in its place. Real questions remain about how much genuine democratic reform can be achieved.



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the most industrialized world. Instead, communism took hold. Capitalism in both the United States and the Soviet Union required communist control of the economy, including holding elections and requiring workers to work together on large farms. This was particularly true in the Soviet Union, which had a class system that Marx

particularly those in the Soviet Union. In 1990, for example, the Soviet Union under a communist government has also now moved to a market economy with the scarcity of resources led to calls for reform. Under Soviet President Mikhail Gorbachev, prices rose, inflation was rampant, and the republics of the Soviet Union were officially declared independent. It is still unclear how much genuine



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SOCIALISM

Socialism, as it has emerged in the twentieth century, is an economic system that rejects most of the basic tenets of capitalism. But it does not accept the extreme communist beliefs regarding the inevitability of the proletarian revolution. The term *socialism* can be confusing because its meaning has evolved over the course of a century. In fact, Marx himself sometimes used the term *socialism* for *communism*. He often referred to the “dictatorship of the proletariat”—the transition time after the overthrow of the bourgeoisie—as socialistic.

Theory of Socialism

Socialism does not support the Marxist idea that a more equal society must come about through the violent overthrow of the ruling class. Instead socialists believe that changes may be brought about peacefully, through the democratic process. Socialists do not value the concepts of private ownership and competition that characterize capitalism. They believe that wealth should be distributed more equally than in capitalist societies and that the extremes of wealth and poverty should be eliminated. Under socialism, the most important means of production and distribution should be held by the public, usually under government control.



Then and Now

SOCIALISM IN THE UNITED STATES

Even though the United States is usually considered a capitalist nation, some socialist principles have influenced our twentieth-century government. The socialist influence was most obvious during times of economic problems, such as the post-World War I recession and the Great Depression of the 1930s. The New Deal programs were often criticized for being socialist because they gave the government a great deal of control over free enterprise. When questioned, President Roosevelt declared that his programs were neither “fish nor fowl, but they taste mighty good” when they worked. In other words, he refused to label them capitalist or socialist.

Others of this era carried the idea of redistribution of wealth further. For example, Governor Huey Long of Louisiana proposed a “share the wealth” plan that included provisions to limit the fortunes of multi-millionaires, restrict the amount a person can earn or inherit in 1 year to \$1 million, and guarantee education for every child through college.

definitions

socialism—the economic system that advocates government ownership of the means of production.



Basic Elements of Socialism

Although a purely socialist economic system doesn't exist today, many countries have a blend of capitalism and socialism. Good examples are Austria, Sweden, the Netherlands, Israel, and Italy. Influential socialist political parties exist in many other nations, including France and Great Britain. Socialist economic systems usually share many of the following four characteristics:

- 1. NATIONALIZATION** Under nationalization, some major industries formerly owned by private companies or citizens are taken over by the government. For example, in Mexico during the 1930s, President Lazaro Cardenas nationalized many privately owned companies, including some owned by American oil companies. He created "Pe-Mex," a government-run company that took over almost all the oil industry. In this case, as in most others, companies were nationalized without receiving any compensation.
- 2. PUBLIC ASSISTANCE** Socialists want to limit wealth, but they also want to limit poverty. Usually, socialists ask the government to ensure that everyone has housing and food. Public services are considered to be the government's responsibility. Today the governments of many countries, including the United States, provide some social assistance in the form of pensions, health insurance, and unemployment insurance. Countries in which socialism is more influential provide many more services, such as free medical and dental care.
- 3. TAXATION** Since social welfare services are expensive, taxes in socialist countries tend to be high. It is not uncommon for taxes to take 50 or 60 percent of an individual's total income. Tax rates for the wealthy may amount to 80 or 90 percent of their income.
- 4. COMMAND ECONOMY** Under capitalism, key economic decisions are made by thousands of private individuals and companies, a situation called a **market economy**. Under socialism, and also under communism, the government can plan how an economy will develop over a period of years. It may set targets for production and guide investments into specific industries. As a result, the system is called a **command economy**.

market economy—an economic system in which government plays a limited role.

command economy—an economic system in which the government has great control of the economy.

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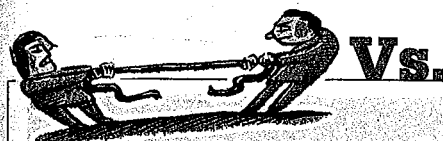
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SOCIALISM: A FAIR ECONOMIC SYSTEM?

In socialist economic systems, the governments own basic industries, but citizens have some economic freedom. How fair do you think socialism is?

PRO

1. Socialism levels the inequalities between the rich and the poor.
2. Socialism is morally superior to capitalism. It emphasizes social responsibility and cooperation.
3. Socialism makes political democracy work more smoothly by complementing it with economic democracy.

CON

1. Socialism removes people's right to earn as much money as they are capable of earning.
2. Socialism deprives people of freedom and the incentive to be as good as they can be.
3. Socialism turns government into a bureaucratic nightmare. Economies are too complex to be directed by central planners.

MIXED ECONOMIES

Today, many economies are not wholly capitalistic or socialistic, but are mixed, with some characteristics of each. Often, political parties within a country will advocate one system or the other, so that governments may lean socialist for a time and capitalist at another time. For example, during the early 1980s in France, the Socialist party gained control of the government. Under the leadership of François Mitterrand, the government nationalized many industries and strengthened public assistance programs. The socialist influence diminished by the early 1990s. Expensive welfare programs that were creating large government debts were abandoned, and government control of business lessened.

In many developing parts of the world, a socialist party may challenge high-control governments (often run by the military) that do not support redistribution of the wealth. At times, the Socialist party may prevail, but many countries teeter back and forth between the two economic systems.

TYPES OF ECONOMIC SYSTEMS

DIRECTED BY THE FREE MARKET		DIRECTED BY COMMAND
Capitalism	Socialism	Communism
Right to own private property is unlimited	Right to own private property is unlimited	Right to own private property is greatly restricted
Most industry is owned by private individuals	Basic industry is owned by the government	All industry is owned by the government
Competition and profit are not regulated by the government	Competition and profit are regulated by the government	Competition and profit are prohibited

Comparative Political Systems

While economic systems concentrate on meeting needs of production, distribution, and consumption, political systems address collective needs of a society. These needs are coordinated by the government, which forms the heart of the political system. It maintains order, allocates power and resources, and promotes common values. In reality, so much overlap exists between economic and political systems that it is often impossible to separate them. In many modern countries, the government takes a major responsibility for a stable economy. The responsibility varies, and capitalist systems generally allow less government control than do socialist and communist regimes. But almost all countries expect some government involvement in economics.

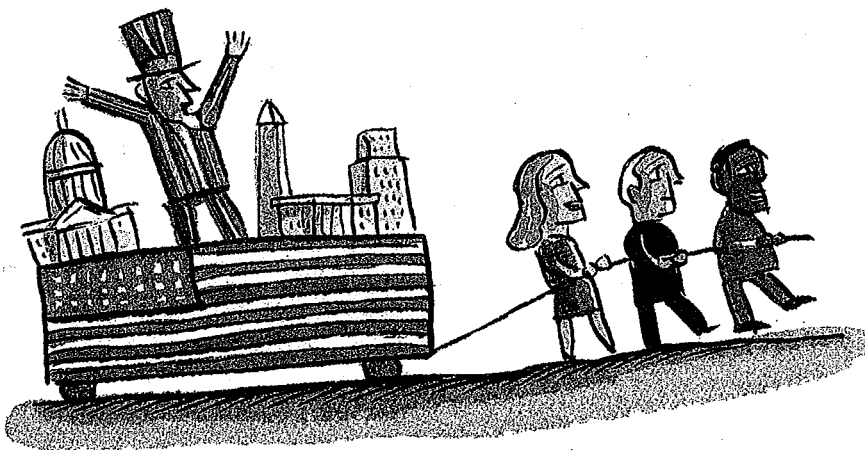
Nevertheless, political systems do emphasize different needs from those emphasized by economic systems. Political systems may be divided into two categories—democratic and authoritarian. The two may be distinguished by the degree of citizen involvement in policy making.


DEMOCRATIC POLITICAL SYSTEMS

The more citizens are involved and the more meaningful their choices, the more democratic the system. The people have supreme political authority in a democracy. There are six key measures of democracy.

Measures of Democracy

1. **POLITICAL PARTICIPATION BY CITIZENS** Participation that is dictated by the government or a dominating political party is not democratic. If participation comes from individuals and groups—apart from the government—the degree of democracy is higher. Interest groups formed freely and on their own initiative are good examples.
2. **FREEDOM OF COMMUNICATIONS AND SPEECH** If the government owns and censors the newspapers, freedom of expression is limited. However, government ownership of major sources of information does not necessarily indicate a lack of democracy. For example, the British Broadcasting Corporation (BBC) is government owned but is generally an objective source of news with little actual censorship. However, *Pravda*, the official newspaper of the Soviet Union, was little more than a propaganda mouthpiece for the government.
3. **RECRUITMENT OF POLITICAL LEADERS** Do leaders come from the same few families, the same schools and colleges, or the same part of the country? If so, the country is probably a lot less democratic than you might think.
4. **EFFECT OF CITIZEN PARTICIPATION** In democracies, citizens have a high degree of political efficacy, or the feeling that their opinions do count. Their political participation actually influences the decisions of the leaders.



- 
5. **RULE OF LAW, NOT INDIVIDUALS** Democracies have championed the value of agreed-upon laws. Those laws will govern everyone, including the leaders, whose rule will be subject to the law.
 6. **COMPETITIVE POPULAR ELECTIONS** A political system is not democratic just because the government sponsors elections for public officials. In a democratic political system, the elections are fair and give the people a real choice between candidates who wish to stand for election.

No political system is 100 percent democratic. Think back to our study of the beginnings of American government and recall how many checks the Founders placed on democracy. Although the United States has become more democratic over the years, few people would claim that it fully meets all six of the measures of democracy listed above.



Headlines

ELECTIONS WITH NO CHOICES

Some elections appear to be democratic when in fact they are not. For example, elections were held regularly in the authoritarian Soviet Union, but until the late 1980s, people were given no choices except the communist candidates. Until recently, elections in Mexico were not truly democratic. Even though it allowed competition from other political parties whose candidates' names appeared on the ballot, the government-sponsored party, the PRI, usually rigged elections so that other parties never won.

Case Study: Great Britain

By most measures, the political system of Great Britain is democratic. It was, after all, the primary model for democracy in the United States. Despite their similarities, the governments of Great Britain and the United States differ in at least two important ways: British government is unitary (rather than federal), and it is parliamentary (rather than presidential).

UNITARY GOVERNMENT

Political power in Great Britain is centered in London in Whitehall. The most powerful figure in the central government is the prime minister, who lives nearby on Downing Street. The Houses of Parliament are located in the area as well, as are many of the executive branch bureaucracies, such as the Exchequer (the treasury) and the Home Office (for domestic affairs).

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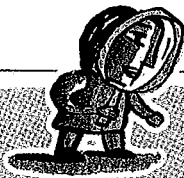
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GREAT BRITAIN'S FOUR PARTS

Great Britain's official name is "the United Kingdom of Great Britain and Northern Ireland." Its population of 58 million lives in four parts: England, which is the largest part; Wales, a small area that was conquered by England in the 1200s; Scotland, which joined with England in 1707; and Northern Ireland, which was added by treaty in 1800.

Great Britain has numerous local governments, but they generally just carry out the decisions made in London. In the United States, local and state governments have their own bases of authority, making its system federalist.

Great Britain is one of the few democracies in the world that still has a monarch, or hereditary ruler. This fact, however, does not weaken Britain's status as a democracy because the monarch has no real political power. For many years that power has been held by Parliament. Today the prime minister and his or her cabinet have that control. British democracy is unique, too, in its lack of a written constitution. Certainly, Britain has many important volumes of written laws and documents, such as the Magna Carta, that provide guidelines for the government. However, the British political system relies heavily on unwritten customs and traditions that are widely accepted by government and citizens.

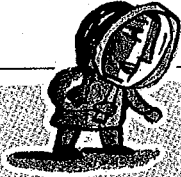
PARLIAMENTARY GOVERNMENT

In Britain's parliamentary government, legislative and executive branches are fused together. The prime minister and the cabinet are members of Parliament, and they share executive authority. Together they make up the government. The prime minister is the leader of the majority party in Parliament, and he or she chooses the cabinet members from among the members of the legislature. The opposition party selects a so-called shadow cabinet that would immediately take over the government should it win the parliamentary election.

The House of Lords and the House of Commons are the two houses of Parliament. The House of Lords is one of the only hereditary legislative bodies in the world today. Most of its 1,100 members inherited their positions. The real power lies with the 650 members in the House of Commons, partly because the prime minister and his cabinet always come from the House of Commons. Recent proposals have called for changes to the legislative branch, including elimination of the hereditary lords in the House of Lords.

PARTIES AND ELECTIONS

Political parties are very powerful in Britain, particularly since the majority party's leader automatically becomes prime minister and other party members form the cabinet. Parliament runs on the assumption that there will be a majority party and an opposition party. The two major parties, the Conservative and Labor parties, usually control more than 90 percent of seats in Parliament. In reality, Britain has a fairly large minor party, the Liberal Democrats, and several other smaller ones, including nationalist parties that represent Scotland, Northern Ireland, and Wales. The members of Britain's political parties almost always vote the way their leaders advise them to. As a result, most of the legislation that the prime minister and the cabinet want usually passes.



e.g.

PARLIAMENT AND TRADITION

The British Parliament is not the bunch of stuffy old men droning away about boring topics that you might imagine. Members of Parliament love to argue, partly because they have a lot to gain from their oratory. After all, the top leaders of the country come only from Parliament, so all MPs (members of Parliament) with political ambitions do a lot of strutting. Particularly rowdy is an event known as "question time," when the opposition party grills the prime minister and his cabinet about controversial decisions. MPs sit crammed into a small room on long, plain benches with an aisle down the center. The members of the majority party sit on one side. The opposition sits on the other side, facing them. The prime minister and his cabinet sit in the first row, with the shadow cabinet just across the aisle. They insult one another loudly, yell and scream, stalk out, and often throw objects (like fruit) at the other side. Down the middle of the center aisle is a table, the prime minister on one side and his would-be successor on the other, face-to-face. The ancient table was specially designed to sit exactly where it is, keeping the two leaders two sword-lengths apart.

Elections are called by the prime minister, and they must be held at least every five years. In national elections, people elect only the representative to the House of Commons; they do not vote directly for the prime minister. Elections are occasionally triggered by a vote of no confidence, in which MPs vote against an important measure proposed by the cabinet. If that happens, the government falls, and immediate elections are held. If the opposition wins the elections (that is, if enough of their members are elected as MPs so that they become the majority), the shadow cabinet takes over.

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AUTHORITARIAN POLITICAL SYSTEMS

Authoritarian political systems do not value democracy and individual expression. They depend on the authority of one central figure. It is important not to confuse unitary governments with authoritarian ones. Unitary governments, like that of Great Britain, can be democratic. They can have competitive elections, recruitment of leaders from many different levels, and a great deal of political participation from citizens. Authoritarian governments, unlike democratic ones, do not give citizens free choice; instead, they determine what the people can or cannot have.

Authoritarianism also differs from communism. One is a political system, the other an economic system. Authoritarian governments may be ruled by a king, a small group of leaders, the military, or a dictator. Political leaders in an authoritarian political system may preside over a regime that is capitalist, socialist, or communist. There are five important measures of an authoritarian system.

Measures of Authoritarian Systems

1. **CITIZENS AS SUBJECTS** In an authoritarian system, citizens have little influence on the policies made by the government. Citizens may come into frequent contact with government officials, but they act only as subjects, or people who must obey. Democracies allow input, even criticism or ridicule of the government. An authoritarian government does not.
2. **RESTRICTIONS OF COMMUNICATIONS AND SPEECH** Authoritarian governments do not allow open criticism of the political system. They usually censor print and broadcast materials heavily. Since they often assert their authority through force, reactions to violators can be brutal.
3. **NARROW RECRUITMENT OF POLITICAL LEADERS** Political leaders are selected through a narrow process that eliminates most citizens from consideration. For example, in a communist regime such as the former Soviet Union or China, leaders are carefully selected from the Communist party. In a hereditary monarchy, leaders inherit the throne.
4. **RULE OF INDIVIDUALS, NOT LAW** Authoritarian rulers make their own decisions about policies in their countries. Their decisions are not bound by law; people are subject to the good (or bad) judgment of the rulers.
5. **NO COMPETITIVE ELECTIONS** Authoritarian governments may have no election process at all. Leaders may be chosen by a monarch or a dictator or a small group of leaders. Sometimes authoritarian governments have elections, but they do not offer citizens any real choices. The government merely looks for confirmation of its policies.



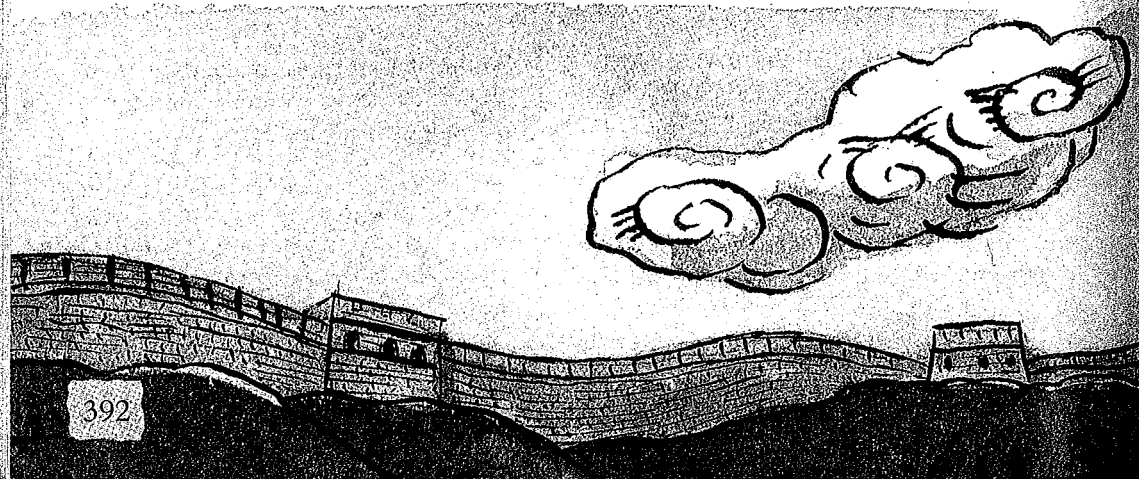
Case Study: Communist China

China has always been something of an enigma to most Westerners, partly because for centuries its leaders cared little about sharing the country's well-developed and self-sufficient culture with outsiders. China is one of the oldest political systems in existence today. Its independence dates back to 221 B.C. China's political and economic powers are growing, and many observers believe that China already is, or soon will be, one of the most influential countries in the world.

AUTHORITARIAN TRADITION

Historically China's government has consistently had authoritarian characteristics, even though its economy has changed dramatically. For centuries, China was ruled by emperors in a succession of dynasties, or eras dominated by one family in which authority was transferred from father to son. Political authority rested with the emperor, whose dictates were executed and interpreted by an efficient, highly educated bureaucracy. The scholarly members of this bureaucratic elite were chosen by a sophisticated merit-based examination system. Theoretically, as youngsters, anyone could study for the tests, which required extensive cultural and philosophical knowledge. Their test results determined whether or not they were admitted to the elite. Most citizens were poor farmers, subjects who almost never participated in government decisions. Their children didn't have time to study for the exams.

The Qin (221 B.C.) and Han (206 B.C.) dynasties expanded the empire's territory and established the basic tradition of authoritarian government. Later major dynasties include the Song (960-1279), Ming (1368-1644), and Qing (1644-1911).



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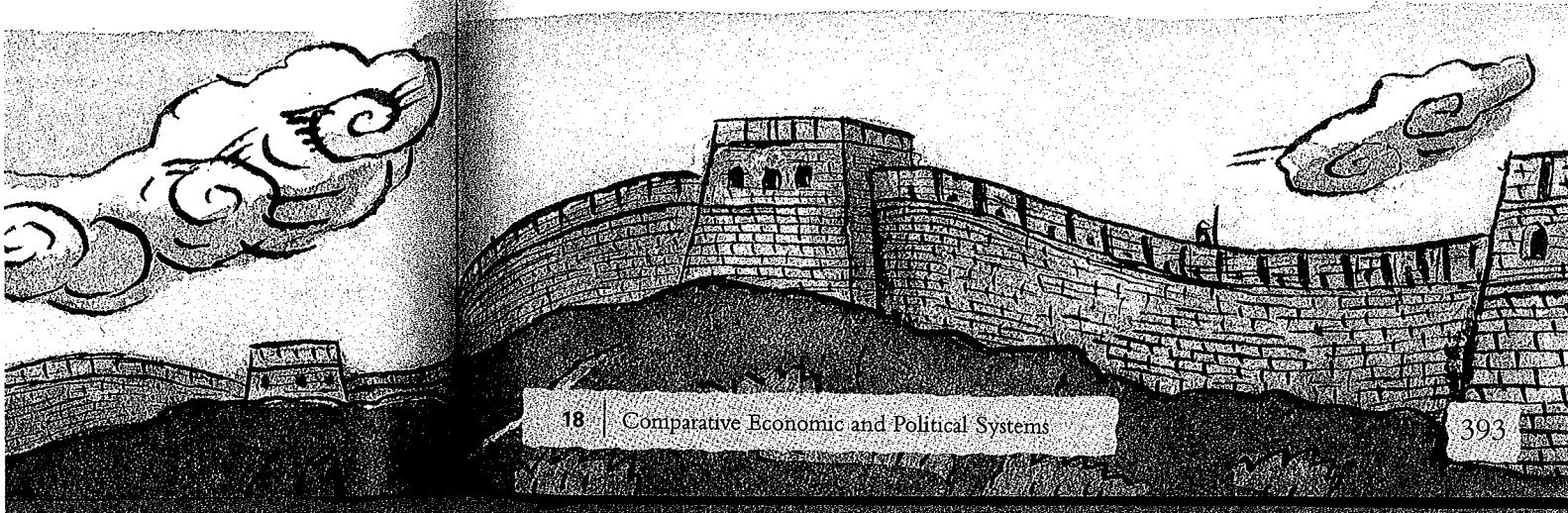
IMPERIALISM AND REVOLUTION

The power of the dynasties ebbed and flowed with the centuries. Sometimes leaders had a great deal of control, but at other times leaders were weak, inefficient, and vulnerable. During the nineteenth century, the dynasty was particularly weak and became a target of strong European countries that saw the rich trade potential with China. These imperialist countries, bent on empire building, made agreements with the emperors and literally carved China into economic pieces, or spheres of influence. By 1900, Britain, France, Germany, Russia, and Japan had almost full control of China's economy.

Chinese nationalists (people who wished to preserve China for the Chinese) rebelled against their new masters many times, and in 1911 a leader who wished to establish democracy led a successful rebellion. That leader, American-educated Dr. Sun Yat-sen, became the first president of a new nationalist China. His hopes for democracy were frustrated by the centuries-old tradition of authoritarianism. The country went through a period of intense upheaval—including regional infighting and an invasion by Japan that lasted until 1949.

COMMUNISM IN CHINA

During the 1920s, a time of great disorder in China, the communist leader Mao Zedong emerged. With the support of the Soviet Union, he posed a threat to the nationalist government for two decades. In 1949 his forces ran the Nationalist leader Chiang Kai-shek off the Chinese mainland to the island of Taiwan. A new political system named the People's Republic of China (PRC) was put in place, and the Chinese Communist party (CCP) controlled the government. Party members hold all important government positions, and the National People's Congress (NPC) has little real independent power.





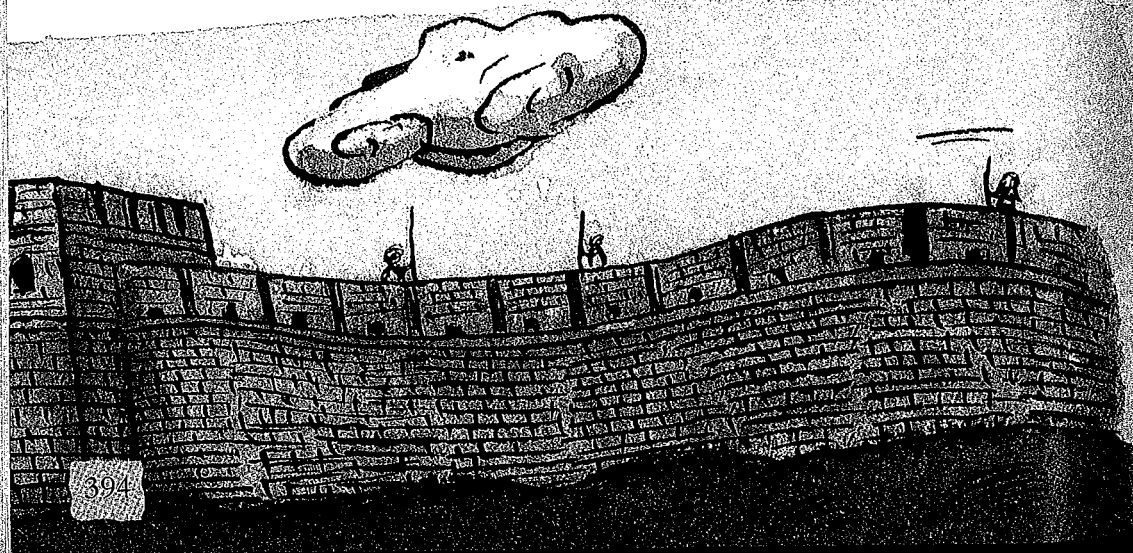
Headlines

TIANANMEN SQUARE—1989

Supporters of democracy around the world are still haunted by a single image captured by a TV camera in Tiananmen Square: a lone Chinese student standing his ground as a military tank rolled slowly but surely toward him. Although his identity is still unknown, his bravery earned him the designation by *Time* magazine as one of the "100 most influential people of the 20th century."

In Tiananmen Square in Beijing, students led a protest demonstration against the government. It caught the attention of media around the world. The Chinese government reacted by sending armed troops to clear the square. They opened fire, killing hundreds of demonstrators. Thousands more were arrested. Nations around the world—including the United States—implemented temporary sanctions against China, and tourism declined. Concerns about Chinese human rights policies have continued in the late 1990s. In June of 1997, Congress voted to renew China's most-favored trade status despite concerns about China's human rights record. But the debate in Congress revealed serious divisions about the issue in both political parties.

Remember that the ultimate goal of Marxism is a property-less society where people contribute what they can and receive what they need. How can this economically based dream take place in a country with a strong tradition of authoritarianism, such as China? Conflicts were obvious from the beginning. The modern history of the Chinese and Soviet governments may be viewed as a struggle to resolve the clash between a political system (authoritarianism) and an economic system (communism).



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CAPITALISM IN CHINA

Today China's emerging global power is based partly on its developing economic strength. To achieve those ends the government has gradually steered away from a communist economic system and toward capitalism. Beginning in the late 1970s, modernization plans emphasized developing agriculture, industry, national defense, science, and technology. Individuals and families were encouraged to enrich themselves, and they did, through capitalist principles such as ownership of property and free trade. Chinese modernization has embraced an "open door" trade policy with countries with capitalist economic systems that Karl Marx would have seen as the root of all evil. Small-scale free enterprise has been encouraged, and despite high inflation, China's economic growth has led to higher wages and increased consumer spending. In 1979, the United States formally recognized the PRC government.

Through the centuries, the economic system of China has changed dramatically—from peasant-based agriculture to communism to capitalism. The changes have caused much turmoil. Although the political system is no longer headed by an emperor, it has consistently remained authoritarian—oppressive and rigid. China continues to pursue economic reform goals while repressing political dissent. Demands for democracy in China are met with resistance from a centuries-old tradition of authoritarian governments.



The array of economic and political rules that countries follow varies widely, and each country arranges them in its own unique ways. However, three broad types of economic systems—capitalism, socialism, and communism—and two broad types of political systems—democratic and authoritarian—allow us to make comparisons among countries.

The practice of classifying economic and political systems may be traced back 2,000 years to Aristotle, a philosopher who contrasted the economies and social structures of the many Greek city-states. His work set the standards for our goal: to recognize how political institutions and policies are shaped by a country's unique environments. Comparing economic and political systems helps us understand how governments and politics operate in the modern world and how practices and customs in the United States fit in the larger global picture.