

Quick Facts: Centrally Planned Economy

An economic system in which the central government makes all the major economic decisions for the country.

Origins of C.P.E.:

- Early forms of Capitalism: Income inequalities
- Industrial Revolution: Deplorable working conditions
- Utopian Socialists: A group of socialists who advocated peaceful and democratic methods to achieve more ideal societies, based on cooperation, planning, and communal approaches.
- Louis Blanc: Public Ownership: Government-owned and operated industries

Karl Marx (1818-1883)

- scholar, economist, and philosopher
- along with Engels wrote *Communist Manifesto* 1848
- Marxism as a political as well as economic system
- Believed all aspects of a person's life were determined by the individual's relationship to the means of production- land, tools, and factories; the factors required by people to engage in industry and agriculture.
- The story of humanity is a history of conflict between the ruling class and the oppressed classes, represented by economic interests.
- Industrial revolution led to the creation of two classes:
 - 1) Bourgeoisie: those holding a commanding position of economic power in a capitalist society. The owners of the means of production.
 - 2) Proletariat: the class of industrial wage earners whose only resource is their labour.
- The Capitalist system exploited and degraded workers.
- Ultimately Marx believed the exploited class would rebel as it had always done in the past.
- The Proletariat would then finally create a classless society
- The new socialist society would include:
 - 1) A centrally planned economy
 - 2) Increased economic production
 - 3) Distribution of income according to work performed
 - 4) Increased economic equality
 - 5) Gradual disappearance of classes
 - 6) Increased desire to work for the good of society rather than for personal profit
 - 7) Distribution of goods based on the motto "From each according to his abilities, to each according to his work."
- In its final stage national differences would disappear and government would wither away.