

# American economic status

Business



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According to Ayn Rand, capitalism is a system that emerges among a group of free individuals, each putting time and effort and owning the right to do so, and freely trading among themselves (Rand, Branden, Greenspan and Hessen 31). According to Rand, the mixed economy was riddled with too much freedom and even more controls that the eventual outcome would be capitalism. The form of capitalism Rand advocates for is laissez-faire capitalism. Her book *Capitalism: The Unknown Ideal* is divided into two parts. The first part details the history and theories related to capitalism.

The second part details the current status of capitalism in America and focuses on the contemporary political issues. Thesis: Are we practicing capitalism or our economy is moving towards the mixed economy or whatsoever? American economic status as capitalists Among her major threads of thought in the book is the topic of whether the American society really understands what capitalism is. According to her definition of capitalism, it is clear the capitalist way is the only way in which a perfect market, and thus a perfect society, can gain a foothold in the world. She holds that capitalism is an ideal philosophy that holds the key to success as it relies on a person's capability and willingness to perform (Rand, Branden, Greenspan and Hessen 31). She considered laissez-faire capitalism as the only moral system because, in her view, it was the only system based on the protection of individual's rights.

This was the background of her capitalist view. Rand saw reason as the means of human knowledge, which is the person's most precious means for survival. As such, any ideal or system that seeks to hinder reasoning denies people their means to survival and limits their capabilities and willingness to

perform. This is the case of dictatorship, communism, and statism. The best example of this is the fact that more and more people have been relying on mortgages to finance their homes and other operations (Rand, Branden, Greenspan and Hessen 74).

This led to a fail in the American mortgage market and caused a global recession which resulted in higher cost of living. If people had not been pressured into taking mortgages in response to the ever-increasing cost of living, then the market would not have found itself in such a situation. This may have been due to the faulty reasoning of the major players in the mortgage industry or due to the misinformation as to the real situation in the economy. Whichever the case was, the information in the mortgage industry had not been effectively interpreted and, thus, depriving American people of the knowledge needed for proper decision-making (Rand, Branden, Grenspan and Hessen 93). Rand also states that, for capitalism to succeed, people had to be free.

This was built upon the principle that capitalism was founded on freedom for all. In saying so, she emphasized the freedom to own property. This freedom states that a person has the right to own property as long as it has been gained in a legal way without denying any other persons their fundamental freedoms. This was strengthened by her objectivist view that the use of force to alter one's free will was immoral. As such, the use of force and the undermining of one's free will are not a capitalist ideology but rather immoral and gross denial of one's fundamental rights (Rand, Branden, Greenspan and Hessen 101). This was a primary principle in Rand's capitalist

ideology and, as such, was important to look at in respect of the American economic situation.

A good example of this would be the student killings during the protests against America's involvement in the Vietnamese war. This may be viewed by some as a denial of freedom to the students who were just exercising their fundamental rights to be heard by those who governed them. Rand states that through division of labour, specialization, and voluntary trade, people could exchange benefits with each other (Rand, Branden, Greenspan and Hessen 117). This is due to the fact that different people have different talents and gifts which could be used to benefit the society as a whole and thus fulfilling the capitalist point of view. This creates an avenue upon which free trade can be based, since one gets to judge the value of what they get by their need for that specific good or service. In this way, no one can say that they have not gotten value from what they have attained and thus not undermine someone's fundamental rights.

In the current world, this can be best shown by looking at different companies. The company consists of different people with differing skills and competencies who come together to satisfy a need in their respective societies. This could be said to be in line with the capitalist views put forth by Rand (Rand, Branden, Greenspan and Hessen 145). Another example would be that of the families sharing their chores according to preference. This system seeks to ensure that no member of the family is tasked with a chore that they would not be able to perform. It satisfies the qualities of a capitalist society.

According to Rand, physical force should be banned. When physical force is banned, persuasion alone can organize or direct human activity. The use of reason is thus liberated and even rewarded. Therefore, the technological innovation which characterizes capitalism is utilized according to the requirements of the involved parties. This would be of use in a capitalist society where there is freedom and universality of information. This would mean that the person who has never invented anything could benefit from the inventions of others.

This can, however, only happen in an economy where the innovator and the consumer can turn down the proposed trade without either party taking legal action against the other. Rand also states that, for capitalism to succeed, there has to be a form of government in place (Rand, Branden, Greenspan and Hessen 161). The purpose of the government system would be to ensure that no single person is denied their fundamental freedoms (Rand, Branden, Greenspan and Hessen 145). However, this government system should not consolidate too much power in its hands so that its existence will not lead to the denial of the fundamental freedoms of the populace. Thus, it would be prudent to put into place measures that seek to check the operation of the government system so as to ensure that the fundamental freedoms are not jeopardized.

Rand went ahead to state that “ a free mind and a free market are corollaries.” This was to show that without the interference of laws and criminals, the capitalist ideology would seek to ensure that all human elements within an economy were free, thus creating a self-regulating market that was just a little shy of perfection (Rand, Branden, Greenspan  
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and Hessen 167). An example would be that of an employee who seeks to improve his productivity and remove the inefficiencies within the system by reporting the shortcomings to his supervisor for analysis. This employee would thus have the freedom to use whatever means available to him to ensure that his productivity was up to the standard and use such measures as long as they did not adversely affect the fundamental freedoms of others. The government system within the organization ought to ensure that the employee's actions do not infringe the rights of the other people within the organization (Rand, Branden, Greenspan and Hessen 219).

Conclusion In conclusion, the American economic system bears more resemblance to a mixed type. Although in some instances it appears to be capitalistic, there are some situations that clearly refute such claim. For example, the student killings by the National Guard during the anti-war campaign dispelled the claim that America operated in a capitalist economy. It becomes obvious that the form of economy in play in the U. S.

is mixed (Rand, Branden, Greenspan and Hessen 44). The American economy falls short of the qualities of a purely capitalist economy and seeks some checking into to verify the reasons for this change.