

Capitalism and global environment

Business



Capitalism is a form of economic system in which means of production and creation of goods and services for profit are privatized. In this system, capital that is generated is accrued to those who own the means of production.

Money wages are used to pay for labor.

They are also used as a medium of exchange and as the final means of payment. They also act as a measure of value of goods and services in standard value. This economic system is dominant in Western countries. The government has little control over the market (Stilwell, 2002). Capitalists have been in hot pursuit of profits. The system has contributed a lot to environmental degradation.

This has put the world in danger, as there is a concern for environment conservation. This paper represents the effects of capitalism on the global environment and the measures to control these effects. A capitalist provides capital in a business venture and delivers income from the investment that they have made. In the capitalist system, labor includes physical and mental skills that are needed to produce goods and services. It also includes management and entrepreneurial skills to produce required goods and services.

There are three main markets that can be found in a basic capitalist economy. These markets include the labor market where laborers make products. They are then paid in the process of making goods and services. These products are then sold to them. The financial market handles and regulates money that is in the economic system. The work of the

government in this economic system is to control the amount of money that is in circulation.

This plays an important role in regulating the money that is spent within the country (Stilwell, 2002). There are different forms of the capitalist economic system. Each form is determined by the price mechanism, government interventions, and the degree of competitiveness. Mercantilism is one of the earliest forms of capitalism. This form linked national business and state interest. The state's capital was used to develop national business interest abroad.

In this form, wealth is generated through the balance of trade with other nations (McCraw, 2011). Another form of capitalism is free market capitalism. In this type of capitalism, prices of goods and services are determined by the forces of demand and supply. These forces are allowed to reach equilibrium which represents the market price. The government has no control over the prices of commodities and services within the market.

The market is usually characterized by high competition and private ownership of most productive enterprises. A free market economy is another form of the capitalist economic system in which the government intervention in price is minimized. The state provides some basic services such as social security, unemployment benefits, and recognition of labor rights (McCraw, 2011). This is usually done through collective bargaining arrangements. In this economic model, the majority of enterprises are privately owned. State capitalism is another form of capitalism in which the state owns all means of production.

The main considerations that are put into place are efficiency in management, fair and equal distribution of wealth, and efficiency in production. The government has the greatest influence on the economy through direct ownership or including various subsidies (McCraw, 2011). Another form of the capitalist economy is corporate capitalism. In this form of capitalism, there are several red tape corporations whose main aim is profit-making. The Marxist concept referred to a state monopoly as a corporate capitalism.

The state utilized its resources to benefit few established corporations. It did this in order to protect them from external threats, such as competition, by providing them with subsidies. Market interventions are also made by the government so as to promote equality and increase profits, as well as address market failures (McCraw, 2011). International trade has resulted from the development of capitalism over some years. This has led to globalization. The exchange of world views, resources, mobility of people and capital, and exchange of some aspects of culture have greatly contributed to globalization.

All these forms of the capitalist economic system are not aimed at conserving environment. Their main aim is profit-making and capital accumulation (Foster et. al. 2010). Capitalism has hindered international cooperation that is needed to tackle the problem of climate change.

The major capitalist powers are in struggle for market and resources in order to gain their own interest and use the environment as a resource of gaining profits. As they struggle to accumulate money, they attack environmental

regulations so as to maintain a competitive edge. If these do not allow them to gain a competitive advantage, they usually move their firms to countries where environmental regulations favor their interests (Foster et. al. 2010).

In the capitalist system, consumers do not hold any power. Few corporate firms and governments of these countries make decisions as to what products are to be produced and how they are going to be produced. Consumers take products without any concern of how they are produced or their quality. The economic and political power of the major businesses is the main cause of climatic crises. They have great influence on economies. This happens because as they work to gain their interests, they have little or no concern over the environment (Pelling, Manuel-Navarrete, & Redclift, 2011).

Capitalism poses a great threat to the environment. This is due to the fact that our society is highly dominated by capitalism. Climate change has been the main cause of the environmental crisis. The dangers that lead to climate change include emissions of carbon dioxide and other greenhouse gases into the atmosphere (Homer, 1996). As a result, more heat is trapped in the earth's atmosphere leading to an increase in the temperature on the earth's surface.

This threatens the existence of human beings as well as other species on the planet (Pelling, Manuel-Navarrete, & Redclift, 2011). In the Stockholm Resilience Center, scientists indicated that we are near or probably we have crossed the nine planetary boundaries. Rifts in the planetary boundaries have great potential for causing global ecological catastrophes. Climatic change, disruption of the nitrogen cycle, and species extinction are the

catastrophic effects, since they have crossed the planetary boundaries. The scientists call this the sixth extinction (Foster et.

al. 2010). It is characterized by a mass extinction of particular species of animals such as dinosaurs and a great decrease in the amount of fresh water globally.). There is a great challenge that the environment will face due to capitalism.

This challenge heightens, as the capitalist economy becomes a threat to biological and chemical processes of the planet(Werbach, 2005). The age we live in has been characterized as the age of disaster capitalism. This is because there are huge economic and ecological crises. This has been brought by increased greed for wealth. The rich continue to use exploitative means to prosper themselves, at the same time increasing the destruction of the ecosystem (Foster, 2011).

There are different ways in which the climate crisis and environmental problems can be addressed. One way is to look for technological solutions. The available technological and scientific capacity can help stop the problem of the environmental crisis (Pelling, Manuel-Navarrete, & Redclift, 2011). The main hindrance to this is the capitalist system that has been dominated by multinational corporations and nation states that are in continuous competition for wealth. With the use of massive advanced technologies, it is possible to reduce these problems without affecting or altering the capitalist society (Butler, 2011).

There will also be no alteration in capital accumulation, and the interest of pursuing profits will not be affected. These are the most feasible solutions, <https://assignbuster.com/capitalism-and-global-environment/>

since they are attracting both political power elites and corporations that do not want any change in the system. Another appropriate method for controlling this menace is to shift from a system that is directed by capital accumulation and profit-making to a sustainable and steady state economy. This would help the economic system to focus on sustainable human development, thus dealing with wasteful consumption. The main objective is to have democratic, ecological, and social planning.

This is the same as socialist society. Such objectives would help reduce carbon and greenhouse gases emissions into the atmosphere. There is a great need to change our economic system in order to protect the environment. Our culture and society need to be revolutionized. The technology available can facilitate achieving this goal without affecting the lifestyle of capitalists (Hawken, Lovins, & Lovins, 1997). The main goal in this ought to be the promotion of human communities.

It should not be aimed at expanding the exploitation of earth's resources beyond physical and biological limits, but creating global communities. This would help to create an economy in which rich countries do not exploit poor countries. Every analysis of the environment should focus on natural resources and their violations by human activities. The human involvement in the environmental degradation should be taken into consideration. This can be done if there is a better understanding of the capitalist system.

This is because the capitalist economy is a widely spread system that benefits from the ecosystem. It works hard to destabilize the ecosystem. This system works to rely on short-term profit and continued growth (Butler,

2011). By doing this, it exploits and violates the ecosystem that is needed to sustain human life. It also tends to move its premises to somewhere else after it has been confronted with the environmental degradation. This is called a shift.

This shift may be moving the system from its geographical location. This can be from urban areas to remote areas or from rich nations to poor nations. The system usually depletes natural resources in one region to enable them to expand their premises and maintain a competitive edge (Butler, 2011). A good example of this is the drilling of oil in the Gulf of Mexico and shifting to untouched oil fields in the Arctic Ocean. This shows the selfish and exploitative nature of the capitalist economic system.

Capitalism responds to these environmental changes by either shifting their location or changing the method of production. Coal burning was substituted for wood burning, while nuclear power plants substituted fossil fuel plants. These changes are highly profitable to the capitalist economy. They have opened new markets to them and at the same time led to the ecological catastrophe. The enormous use of the earth's resources without replacing them leaves an ecological debt.

This debt is usually replaced by other costs without any recognition of such costs incurred. When these economic systems approach other planetary boundaries, this debt becomes bigger and is likely to lead to ecological crash (Hawken, Lovins, & Lovins, 1997). Capitalism has no capability to regulate society in an environmentally friendly and sustainable manner. Its operations act as the major violators of the balance between the environment and

society. Every solution that is applied to curb environmental problems generates another problem. This is the result of an internal contradiction in the capitalist system.

If we are to solve these environmental crises, the root of the problem that is the capitalist system needs to be tackled (Wallis, 2008). Some people think that ecological crises are so advanced that there is no change that can be made to solve them. They argue that we only have to work and live in the system that we have. Other people think that capitalism can be made green and give good ecological outcomes. As the system focuses mostly on profit-making and capital accumulation, it should focus on profitable markets that are savior to the planet. The main focus should be on how to accommodate human needs and environmental issues (Pelling, Manuel-Navarrete, & Redclift, 2011).

The capitalist market system focuses on persuading customers to buy their commodities through advertisements. Customers have no need to buy them, and they do not have any desire to purchase them. This kind of a system acts in increasing its sales, which leads to profits (Foster, 2010). The production of high quality commodities increases the cost of production and leads to reduced sales. This is against the goal of the capitalist system.

Since it does not give capitalists maximum profits, they produce low quality products in large quantities, which lead to environmental degradation. The ecological crisis is in the extreme and requires joint efforts that include advanced capitalist nations. Ecological and social transformations need to be accompanied by rebellion against the planet destruction (Pelling, Manuel-

Navarrete, & Redclift, 2011). This can be achieved through struggle. The capitalist elite should come up with solutions to the ecological crisis.

This will reduce human and ecological threats that come as a result of the capitalist system. If the global economy is taken out of ownership of capitalist elites, the most important decisions in society will not be profit-driven. The distribution of resources will be equal to all individuals within the country. This will not be determined by few corporations that control the capitalist economic system. The use of resources within the economy can be planned to benefit society as a whole (Hawken, Lovins, & Lovins, 1997).

Society should focus on using technology that is environmentally friendly. For instance, the use of renewable energy instead of non-renewable energy is a good option. Also, it is essential to increase research on the existing technology to determine the effects it has on the environment (Pelling, Manuel-Navarrete, & Redclift, 2011). The most powerful capitalist nations should ensure that they invest heavily in environmental conservation. They should not focus on investing in weapons research and other harmful ends. They should invest in programs that reduce environmental catastrophe, as well as prevent diseases (Solidaire, 2010) .

The problem of reducing the environmental crisis is not associated with the industry technology, but with the system and people who run these industries. Some environmentalists believe that the ecological crisis can be reduced by decreasing human population or living standards. This is not correct, as the technology available has been able to support the existing population (Foster, 2010). This would mean that the same technology that is

able to provide humans with food, clothing, and shelter can also provide sustainable global environment development. If the capitalist system adopts some concepts of the socialist system, there could be much fewer environmental problems. The use of energy efficient technologies while raising standards of workers would help reduce this menace (Polychroniou, 2009).

The capitalist system mainly focuses on producing low quality products that deteriorate within a very short period of time. This forces customers to constantly buy these products. This results in increased wastes of non-recyclable products in the environment, which leads to environmental degradation. By abolishing this system and focusing on food saving and production of good quality and durable products, the environmental crisis will be reduced (Foster, 2010). Some of the technologies that contribute to ecological crises include nuclear power plants. This source of energy acts as an alternative source of energy and is cost-competitive with fossil fuels.

Some of these plants have caused devastating damage to the ecosystem and human life. A good example is the Chernobyl nuclear plant that exploded in 1986 in Ukraine. Its radiation spread to some parts of Europe, Japan, and the United States. The nuclear power reduces foreign dependency on power. The capitalist system does not evaluate environmental effects that such plants may cause. The main consideration that they have is the benefit they will get from such activities.

Consequently, this is likely to lead to an ecological crisis (Foster et. al. 2010). Conflicts that have erupted in oil producing regions have come as a result of

capitalist greed for wealth. The stability of these regions has been adversely affected, leading to fights.

Capitalist nations seek to control the oil fields by the use of military influence in these areas (Inhofe, 2012). The use of weapons in these wars has resulted in a high loss of human lives and destruction of the environment. The capitalist economic system is very dynamic. The production process of a plant or a company is carefully planned, but a broader market is not planned. This disorganization results in over-production of commodities.

This causes a poor flow of capital within the system. The capital flows in the area where there are the largest profits. This is not a choice, but the system is forced to do this. This is the biggest challenge that will not allow abandoning the use of oil and nuclear power energy. This will lead to increased environmental degradation and environmental catastrophe (Hawken, Lovins, & Lovins, 1997). The main question concerns the solution for the environmental crisis.

Every individual in the capitalist economy needs to take part in environmental conservation. The fact that underlies this environmental crisis is that there is no single individual who can build their own plant or use such sophisticated technology alone. In order to make a difference, there is a great need for infrastructural changes. These changes cannot be made by one individual (Hardin, 1968). No matter how much effort individuals will make to protect the environment, changes will not be felt.

Moreover, the main causes of environmental degradation are corporations which have dominated the market with their selfish gains (Foster, 2010).

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These changes can only occur if there are political actions that are organized by the whole community. Real environmental reforms can only take place when people demand changes and fight for them collectively as a group. These actions should be aimed at persuading the government and corporations to take actions on environmental conservation. In case environmental degradation continues, the government in the capitalist system and corporations will be pushed to make genuine reforms (Foster et. al. 2010). The government should enact laws that regulate operations of large corporations in the capitalist economy.