

Accumulation of wealth assignment



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The accumulation of capital is the gathering or amassing of objects of value as judged by one's perceived reproductive interest group, the increase in wealth through, concentration, or the creation of wealth. Capital is money or a financial asset invested for the purpose of making more money (wealth in the form of profit, rent, interest, royalties, capital may also be seen as a form of capital, investment in one's personal abilities, such as through education, to improve their function and therefore increase their income potential in a market economy.

Poverty is the inability of getting choices and opportunities of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and cloth a family, not having a school or clinic to go to not earn one's living, not having access to credit. It means insecurity powerlessness and exclusion of individuals house holds and communities. A developing country, also called a less developed country (LDC) is a nation with a lower living standard, underdeveloped industrial base and low human development index (HDI), relative to other countries.

The development of a country is measured with statistical indexes such as income per capital (per person), (gross domestic product), life expectancy, the rate of literacy (ignoring reading addiction). Developing countries like Tanzania, Kenya, Ethiopia and others are, in general countries that have not achieved a significant degree of industrialization relative to their population and have, in most cases, a medium to low standard of living. The concept of the developing nation is found, under one term or another, in numerous theoretical systems having diverse orientation for example, anti-imperialism and political economy.

In Karl Marx's economic theory, capital accumulation refers to the operation whereby profit is reinvested, increasing the total quantity of capital. Capital is viewed by Marx as expanding value that is, in other terms, as a sum of capital through human labour into a larger value -extracted as profit and expressed as money. According to him, capital accumulation has a double origin, namely trade and expropriation both of a legal or illegal kind. The reason is that a stock of capital can be increased through a process of exchange or "trading" but also through directly taking an asset or resources from someone else.

Adam Smith was an economist who made analysis on economic growth, which is thus the key indicator of development. He found that for a state to develop there must be indicators of development such as rise in the per capita income, gross Domestic product (GDP), increase in the level of investment and markets. All these are the indicators that show that a state has developed. Adam Smith and Karl Marx tried to understand the importance of capital accumulation in eradicating poverty in any developing country for a means to change it in order to improve the human condition.

The following are the importance of capital accumulation in eradicating poverty in a country such as Tanzania. Reduction of dependence economy, dependence is a condition in which the economics of one group of countries are conditioned by the development and expansion of the others, while reduction of dependence economic is the way of reducing or eradicating economic dependence. African countries are among the world countries which tend to depend on each other. Due to poverty, Tanzania tends to spend on developed countries so as it can get their needs.

According to Karl Marx and Adam Smith's observation, they observed that the good of achieving development and reduction of poverty, those countries must have capital accumulation, which can help them to shift from dependence economy to independent economy. The more the accumulation of capital the more the reduction of dependence economy. Social services are one of the major issues that promote development. For example, increasing the number of schools and quality of education found in those schools, means people get educated and be able to design any activity that can bring about development.

When people get educated in a satisfactory manner means they can be employed and hence eradicate poverty. Also for case of other social services such as hospital also plays a great role in the development since serves the life of the people and hence involved in production activities as it can result to eradicate poverty. But all these social services cannot be improved unless there is capital accumulation as stated by Karl Marx that capital is the money that makes more money. Ensuring labour force as seen, capital is money used to make money.

This may be through investing that capital in different projects so as to produce profit. Capital can be invested in industries, banking corporations, privately owned, schools, hospitals, water supply plants and electrical plants. All these in turn provide social services to the local people, they get health care, education, water and electricity through these privately owned investments. What's more exciting is that, these investments need constant labour supply for them to be maintained, to keep their dignity and get more customers.

This labour force is from highly skilled labour to low skilled labour, employing both the highly educated and lowly educated, and even the non-educated can be employed. Industrial techniques are needed, and they must be highly skilled and experienced because delicate technology is used in industries, as well as the less skilled are needed to perform light works which do not require much skill such as running small errands in clearing the work place. All these are labor force, highly needed in investment.

As a result this helps solving the problem of unemployment in he society, in turn helping the local people in eradicating poverty and the associated consequence it comes with, through the one source, capital accumulation Infrastructure, this refers to basic physical and organizational structure needed for the operation of a society. Infrastructure such as roads, bridges, water supply, sewer electrical grids, telecommunication and so forth, and can be defined as “ the physical component of interrelated systems providing commodities and services essential to enable sustain or enhance society living condition.

Karlmax and Adam Smith explain hat there is no development without infrastructure and the infrastructure favoured by accumulation of capital. Financialization, the extraordinary strong growth of the financial market. This is trade in financial claims to current and feature income. As a corollary, the proportional of the national income which consists of interested income and rentier increases. Capital accumulation will need to exceed the amount of capital necessary to overcome depreciation that is, some capital wears out, so capital investment is necessary to overcome this capital accumulation involves additional urchases of capital.

If you really want to help poor people you need to seek ways to from other richer regions as for now you don't even have to promote capital accumulation. It is enough to remove the artificial barriers that we put in place to prevent it. How is that? We just give up some money wasting activities and lives become, but it requires understanding of these mechanisms. All in all apart from capital accumulation in eradicating poverty there is more disadvantage of increasing capital accumulation, in society or country for instance developing country like Tanzania. There were some people who were not working.

Some people who could not be bothered and some people who could not be bothered and result of that was bit by bit. Those who were hard working and could be bothered and accumulated. Some wealth and having more capital, hence can eradicate poverty eventually, those who could not be bothered could not accumulate wealth in the end, in order to survive preferred, actually to give up their labour power as a commodity in return for living, money changed into capital and how capital generates surplus value.

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QUESTION: Applying the idea of Adam Smith and Karl Marx, explain the importance of capital accumulation in eradicating poverty in any developing country of your choice.