

Sample argumentative essay on robert heilbroner the two realm of capitalims

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As one would be aware that Capitalism is the form of an economic system that dominates the world these days. This system has evolved out of human's natural trading process. However, as put by Robert Heilbroner, it is both beneficial and dysfunctional for the society. Here I would argue that it provides greater good for the society. This ability also implies whether it also expected to dominate the centuries ahead.

Before we discuss the role of capitalism in the next century, we must acknowledge that it is near impossible for any economist to predict any major economic event. They were unable to predict the rise of multinational corporations, rise of Japan as an economic power, and recession as a chronic problem. Similarly, none of the great economic research institutes was able to predict the collapse of the Soviet Union. In spite of these failure to predict these events, faith in capitalism remains, and is expected to remain in the remainder of the century. Failure to predict such events, which are dependent of various factors, is in itself not a failure of capitalism itself. Capitalism has had its share of glorious moments, among others has been inability to connect producers with consumers, via old time-tested trading mechanism. These economic connections also mean that those involved in the capitalist form of an economic system didn't need to be educated about it. They through generations of experience already knew the nuts and bolts of the system. As a result, they followed what they had always known and understood, and no worldwide training or learning curve was involved. It is the same momentum, which will take capitalism through this century. The new control and regulatory mechanism, which will be devised, will build upon the existing safeguards.

With regards to future of capitalism, as author puts it in his own words, it should be evaluated from the perspective of future-related understanding. At the same time, what is so remarkable about Capitalism is that countries that don't have much in common between them. Like customs and habits, are politically at loggerheads with each other, and even differ in asense of humor and civic duty, are able to conduct business among them based on capitalistic principle. They all understand the common language of business, which includes transacting exchanges in the marketplace, conducting negotiations at the bargaining table, and engaging in boardroom conferences. Therefore, it can be inferred that Capitalistic form of an economic system can flourish in spite of multiple differences between the nations. This observation gives strength to our belief that these nations should have greater private participation, and government should be restricted to governance and oversight.

So, when we look at the future of the economic system in the world, we find that Capitalism is oriented such that it is discoverable in all its individual national embodiments. Even then, whatever predictions we make may not be more accurate, just because they are based on our previous experience. At the same time, they are also less likely to go wrong. This condition is because they will not have overlooked the shortcomings of the capitalistic system we know of as of today.

Reflecting upon the tussle between capitalism and socialism, I would say with a great degree of certainty that capitalism has won a decisive victory. In terms of proof we have the outcomes of great socialist nations such as Soviet Union, China, and Eastern Europe. These examples have proved that

capitalism can distribute material goods of humanity in a more satisfactory manner than socialism. Even though, privately dominated economy may have its own share of inequitably or irresponsibility in distributing goods, it is still better than the rationing in the planned economy. However, the greatest economic enemy of capitalism is its own internal dynamics. In spite of absence of central planning, it is hard to assume that it will absolve itself off the negative fallouts such as generation of inflation and recession. Also, it will be hard to get rid of speculative tendencies or other threatening international economic challenges.

In societies in general, from ancient to modern, there was a single source of authority which determined war, a legal system, and economy. However, in capitalism, it is divided into two authorities. An example of the first category would be Soviet Union, Eastern Europe, and China. Unlike capitalistic, such societies are unable to reconcile to the presence of an independent economic structure. However, the aim of both the system is too able to work together. In spite of capitalism's success, it is not certain that it will work well within itself and with the other realm, which is socialism.

Like anything else, capitalism in extreme also has its repercussions. He quotes Adam Smith, Karl Marx, John Maynard Keynes and Joseph Schumpeter, as towering figures that saw in their own way the ultimate downfall of capitalism as a means of social engineering. However, the success of capitalism in improving the well-being during the past four decades would have confounded these thinkers. The author, though unclear about their conclusion, is troubled by the intrinsic weakness of capitalism, which are tendencies towards inflation and unemployment, especially the

moral vacuousness. In order to have the best of both worlds, he seems inclined towards looking for some form of decentralized socialism. Though he believes that private realm in itself has enough energy in it to see us through well into the next century.

There is general agreement about the form of a private realm one would like to see, although there isn't much consensus about the likely outcome. But, it must be appreciated that it has been successful in organizing and mobilizing natural resources. Also, it needs to be emphasised that capitalism has two broad branches. The first one is called the Rhine model, which is prevalent in Germany, Switzerland, the Netherlands, Sweden, and in some form in Japan. The other one is the neo-American model being practiced in America, and to some extent in Britain. The Rhine model takes a long-term view of the future and tries to balance both savings and investments. This approach applies in the context of people, and there is a feeling of community solidarity, which is not only reflected in cooperative labor-management relations, but also a willingness of the affluent to be taxed to generate resources for the social security system. In sharp contrast, the neo-American model creates an opportunity for a rapid increase in individual wealth and adopts a not so generous attitude towards the less successful members of the society. At the same time, it would be important to highlight the capitalism of France, which straddles across both the previously discussed models. It is attracted towards the neo-American's strong preference for individualism and at the same time unwilling to take full social perspective.

In Heilbroner's view, capitalism as a concept is an economic system. He asserts that it is rather a regime formed by social and political forces. At the

same time, he argues that socialism has no plausible economic framework. He states that earlier the question used to be how rapid will be the transformation of capitalism into socialism. And now the question being frame is whether public realm will evolves into some form of capitalism. He also holds the view that socialist countries have been compelled to find convergence with capitalism. In that way, he believes, capitalism has won the race for a better economic system. As we can see all the reforming socialist countries are incorporating major structural elements from capitalism. These elements include and are not restricted to independent centres of economic decision making, profit incentives, freedom to make choice, competition in markets, and even ability to own property. He observes that those countries moving from socialism to capitalism are making very conscious steps as they are very scared of negative fallout. But, they are certainly moving. Therefore, the question that is being posed is how far these socialist countries can go with their reforms. And, whether their system will still be called socialist?

When one has a closer look at the literature available on socialism, it seems to have an enormous faith in its capability to plan complex economies. They believed that planning was a sure remedy for social inequality and misallocation of funds. However, it was much later that they started to realize that a complex economy needed a decentralized system of market for allocation. And it took them even longer to realize that markets weren't something they could put in place in a short period of time as a policy. Market is a very different way of organizing power, and it was something that was lost during socialist movement. They realized that though the market

was a necessary means of achieving socialistic ends, but that in itself contradicted the very foundation of socialism. In fact dependence on market forces was anti-thesis itself to socialism. Heilbroner believed that Capitalism had more virtues than the socialist thinkers believed. Largely they didn't give sufficient notice to the "creative destruction" aspect of capitalism. It is this creative destruction that helps to generate new markets and products; it helps to unshackle established products through innovation and avoids stagnation. Also, socialists believed that elimination of small and creative entrepreneurs by relatively larger monopolies should be inherent in the dynamics of the system. In contrast, the scientific entrepreneurs of Silicon Valley taking on established brick and mortar business was something that was not on the radar of socialists. The socialist thinkers were very static in their grasp of technology and how it will take the society forward. After some gap of socialist talking about vanishing investment opportunities, the capitalist world experienced a huge surge in technological innovation that provided plenty of opportunity for investment, such as in computers, telecommunication, aviation, nuclear power, and biotechnology. These technological innovations opened up opportunities for the whole society and people stopped talking about closed investment boundaries.

The distinction between public and private realms was blurred at times.

Socialists agreed that so long as economies used inexpensive labour somewhere else, and made a profit by selling elsewhere. They agreed that in an increasingly globalized world, the profits will eventually diminish, but that will take a very long time to happen. Heilbroner believed that capitalism will work better especially when socialism is pretty much diminished. However,

the author does agree that in capitalism, there is an inherent tendency to keep wages down and profit up. This undercurrent helps in generation of labour-replacing technologies. This approach may sound counter intuitive to the concept of socialism, but the development of such technologies in itself generates more employment opportunities.

As against socialism, capitalism is spreading from its core group of countries. This spread is exemplified by the spread of capitalism in successful Asian countries such as Korea, Singapore, Taiwan, Malaysia, and Thailand. Their being part of the capitalist world has changed the whole spectrum of the world. This spread also prompted the socialist block to rethink about its own economic system. The involvement of other world countries and increased globalization has changed the complexion of capitalism for good. This involvement also gives us insight into how the capitalism will look in the future, when greater number of Asian and African countries becomes a part of its network. In author's words, it is possible what a new and powerful core may be formed outside the realm of the traditional core of capitalism. For example, currently America forms the core, and in future it may form the periphery and Brazil form the core. This shift in core brings with it new energy and life to capitalism. It gives it an opportunity to capitalism to reinvent itself according to changed scenario and get a new lease of life. In contrast, there are no such avenues in socialism to do the course correction. In fact, they try their best to resist change, which makes them redundant over the course of time.

However, it has to be accepted that private realm is wonderful for economic growth, but add little moral growth or cultural enrichment. In author's own

words, capitalism is a system full of self-debasement. If one pays attention to the commercial vulgarity that permeates the media-hypnotized culture, it at times does seem to be an offense to the human spirit. So, while capitalism's internal economic contradictions will not be a cause of its downfall, its internal cultural contradiction may. That is the reason the author chose to use the word triumph when speaking about the success of capitalism. As is clear the real challenge from capitalism comes from outside, such as from; political participation, social moral, ecological balance, cultural integrity, and international cooperation. It is not very clear about how to manage these problems, but so long as we are aware of them, we can strive to find a solution.

Heilbroner believes that the success of the private realm resulted from the uncoordinated efforts of individuals and firms to make money. They had the foresight at individual level, but they clearly lacked foresight at system level. This is what gives great strength and energy to the capitalism that is the drive to do one's own thing and be acclaimed for it. The "do your own thing" forms the cultural and political outcome of the economic realm of the society. This approach is what drives success and innovation.

References

Heilbroner, Robert L. 21st Century Capitalism. W. W. Norton & Company, 1994.