

Are the rich necessary essay

Economics



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Are the Rich Necessary? Economic Problem and Science If we can promote economic growth through cooperation, the scientific method could help us separate the truth and error to find the best approach for cooperation. However creating wealth is not the same as building a building, an engine and etc because same set of rules doesn't apply to everyone. Economics is a human behavior and humans are extremely unpredictable. The Rich Some people referred to as egalitarians or equalitarian wishes to get rid of the rich or at least reduce the extremes of wealth and poverty. They views rich as parasites because they reap the benefits in luxury while the poor work hard at minimum wage to earn their money. They argue that wealth causes poverty, the rational without the rich there would be no poor.

When calculated, if the top one percent of rich in America gave half of their net income to the poor, poverty defined by the government would be eliminated in the US. This may be true for America but the affect on the global poor would be minimal because the needs of the poor globally are greater than American poor. The problem is not that the rich does not adequately share with the poor, instead they grind people to the ground, exploit them, steal from them, and deny them with decent living standards or health care. The Need for the Rich Others believe that the rich are essential to our economy. The economy needs rich people because they have wealth. As the economy expand, the rich needs to save profit to invest on capital goods to adjust to the increase in poverty. Why is the poor and middle class living in subsistence and can't save? They may have money saved up for retirement, and college fund for their children; however they have many immediate needs and desires, in this case will eventually deplete

their funds. Unlike the poor, the rich's income is greater than their expense even they splurge in luxuries therefore forced to save.

It is known in history that the poor people are poor because they failed to save, invest, and protect their savings. Some economists insist that the rich saves too much and spends too little. The rich may choose to spend their money on luxury to keep factories open producing outputs or investing on a company to purchase capital goods therefore hire more employees.

Spending and investing are similar in creating immediate jobs, but the similarity stops because investment promotes productivity, which leads to economic growth, therefore more new jobs created. The rich have a vital job to do; they have to invest properly and if they fail to do so, will lose their money fast. The equalitarian mocks their opponent for their support “trickle down” economy. They wonder why the rich have to benefit first in order for the rest to follow. But some economist argue that rich needs to invest first, and workers need to get hired and paid first before the investors enjoy if there is any gains. The Rich in a Democracy The rich intentionally obstruct and put a stop to democracy. Wealth and democracy doesn't mix well with the follow reasons.

The rich use their money to lobby politicians therefore undermine the democratic process. This weakens democracy, the rules of the law becomes unjust and favors the rich. Complete democracy is needed; however one cannot have political democracy without economic democracy.

Both works together that embody complete democracy. With the socialist notion of one person one vote for complete Democracy, however capitalism
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proceeds on the principles of one dollar, one vote. This means that rich have a disproportionate say over the poor. The claim one dollar one vote free market system gives disproportionate voice for consumers is false.

The rich may have money however, when they invest or save, they are not consuming, so they actually bring fewer dollars in the market. Also, there are greater amount of non-rich and the dollar amount total outnumber the dollars of rich consumers. Consequently, the non-rich " voters" actually control the course production. This makes the free-market economy because it is run by the consumers, who control the faith of the rich.

Profit-Making The argument of the profit and system is irrational and if left unrestrained it could lead us to chaos or ruin. The change becomes too fast for the people, which will lead people unemployed and left in uncertainty. With the motive of business to make as much money will adapt a short-term grab-it-and-flee mentality lured by uncertain, excessive and large undeserved rewards. The correct economic system should work encouraged by its own reward and enjoy work to serve others, also with perseverance and patience. The last argument suggests that the profit system encourages cutthroat, dog-eat-dog, completion which goes against cooperation.

Cooperation is needed for economic growth. The price and profit system give us order. It gives us a critical indication where the market is going. The profit system is also an indicator on what the consumer wants. This gives business a chance to create plans using established rules proven in the past that help adjust to the changing condition. By adapting to the adjusting market economy promote order and not chaos.

The profit system does not encourage short-termism, because most businesses will lose money sometime. Business need to have good judgment, and patience. When they over come setbacks, they will eventually earn profits in the long run. This requires long term commitment for business. A profit system also encourages cooperation and channels aggressive of business into constructive pursuit.

Glaring Inequality Placing the economic issue aside, it is a better way to live sharing resources equally with each other. The plan is not a Government controlled economy. The plan is to decentralize in a small scale of many warm and sharing communities rather than single collective society. Small equalitarian communities are efficient, and they promote sharing and cooperation. They are also mindful of their no materialism and peacefulness, ecology and environmental protection.

Small-scale equalitarianism may be an improvement from large-scale state run communities. However, if sharing is statewide, it must be enforced to promote equality. And if some people have authority and others do not, it becomes an inequality in power, and soon will become an inequality of money. Also the share-and-share alike verge on cooperation would likely lead to conflict, because some members of the group will not work as hard or contribute their share. Unequal income Income inequality is unfair and hurtful; no one should accept it openly.

The profit-system exist because the wrongly division of wealth. Billions of poor people desperately lack money for the barest necessities and the rich, showered with money because they are born rich, and have talent. Teachers

and social workers on the other hand are terribly underpaid. Personal incomes are determined by supply and demand, it tells us with no doubt how useful we are in the eyes of others, and the ease with which can find substitute for us. The market does not discriminate, and only people discriminate.

If Employers discriminate, they will lose customers, good employees, suffer higher cost, and lower profits. The Market overtime punishes prejudice employers that they cannot afford to indulge their prejudice. Financial success depends not simply on effort or good advantage but to a large extent on luck. We are not just lucky or unlucky on money, but we are lucky to born, the genes we get, the brains, looks, personality, talents, parents, education, health, neighborhood, country, or times in which we live. Life is inherently unequal, it is deeply imbedded in all life, this becomes more a not a reason to abandon economic equality, but the more reason to pursuit.

The globalization of work force, and free trade should help decrease the inequality between countries. Greed Equalitarian believe with no doubt, free market teaches greed and demand greed. The market system positively encourages evil; naked greed, sharp practice, acquisitiveness, predation, exploitation, commercialism, and materialism. “ The problem is not just some people, given a chance to be greedy; they will crush others to the ground” (par 2, P91). These people that worship the market even “ Wrap them self with the American flag” and while you are distracted singing the national anthem, they stealing your money off your pocket. It is hard to escape greed in a developing country, and avoid participating in markets that exploits our limited resources and damage our environment.

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If we cannot eliminate greed, the least we could do is not to make them appear superior. When greed is channeled properly in the market system only brings benefit. Greed is simply people following their self-interest. America's abundance was not created by public sacrifices to the common good, but by the productive genius of free men who pursued their own personal interest and making of their own private fortunes" (P97). These geniuses did not starve people for American economic progress but instead gave them more jobs, higher wages and cheaper goods. Government The idea that government can protect us from the excess of the profit system has been debated for centuries. It' is been recorded in ancient Chinese annals recorded at the time controversial decision of the powerful Han emperor Wu-di (155-97 BCE). He controlled and regulated the economy by establishing government monopoly on key commodities to prevent merchants becoming greedy and controlling the production process.

Government helps regulate private profit-making economy and try to protect its working people by establishing and enforcing clean, healthy, and working environments. Other critics of private profit-making markets are calling the government to protect the powerless, disabled, minorities, children, and women, provide public education and health services, standards and mandates, and regulate and control greed and selfishness in private interest. However others believe government is not synonymous with community. Government also follows its self-interest, and because government have immense amount of power, it could be the worst predator of the people and market-system. One can simply just walk away from a bad employer, but we cannot escape a bad government. Government is also run by people; people

are not perfect. The officials in the government once involved with economy could become corrupt, there for would devour society's capital.

Private-markets may also bribe public officials in order to pursue their own self interest is also predatory and corrupt. Corruption also helps establish monopolistic power for big business, they uses enormous amount of money to lobby politicians to vote against regulations, and rules that reduce their profits, also keep small business from entering market, unable to compete with large corporations. The Profit System and Depression The profit-driven market is selfishly unpredictable and doesn't work with stabilizing employment. The market produces bubbles and depression if left unrestricted. Markets, following their own blind logic, typically overreact and left to their own impulses, can do great damage" (Lippmann Washington Post).

The flawed belief that the market is self correcting, if the market is given complete and full authority, its blind logic will eventually lead us to chaos and downfall of the economic market. The government helps the current economy by borrowing money if the consumers and investors are not spending; it saves when the people are spending, and it cuts back on spending when the economy is booming. " It is an epoch-making invention" says Lippmann.

Profit-driven economies are prone to depression, because business owners will try to maximize profits by keeping the wages of workers as low as possible. Employees are also consumer; this will reduce the buying power of

consumers. Underpaid employees are unable to buy all goods produced and unable to purchase luxuries.

The profit-driven markets are not chaotic. They are the best indicators to organize and change our direction by following the wishes of the consumers. The thought that the government can compensate for the crowd is not an epoch-making invention rather a delusion. The politicians have less restraint compared to consumers. They would rather spend more than to save during a boom, stuck in an illusion that the boom will last forever. This recklessness tips the boom into a bust compared to any other factors. The “employee/consumer purchasing power theory” is false.

Business owner who underpay employees will take the gains or profits to reinvest it back to the economy by purchasing capitals goods to increase productivity or attracted by returns, dividends, and interest will reinvest it back in the economy. They may also choose to spend it luxuries, in which it must be produced by other workers. The business could invest or spend; regardless this will produce economic growth. Global Profit System The US is losing jobs, especially good ones because of free trade. Majority of people that support free trade do not have their job threatened. Giving higher a salary to a US worker, then turns around and purchases a Honda; there is not much support for the US economy. On the other hand other countries support their own product while restricting foreign competition, doesn't seem to be a fair trade.

Global-free trade left unrestricted, people powered by greed the market will turn into a cut throat competition and uncontrolled dumping in labor, social,

and environment. In able to attract global capital, governments everywhere will take apart protection against child labor, unbearable working conditions, unfair wages and pollution. It will become a "race to the bottom" for labor and environmental standards. Also billions of investments poured into developing countries intended as a charitable act is an illusion. The money is intended to create a miserable dependency; its ultimate purpose is to exploit raw human labor on increase profit of corporations. Free trade produces more and better jobs, because of comparative advantage; a country that participates in trade gain more than it loses. By specializing on what a country does best, and trading with others to obtain what they do best. The idea is develop countries; IE US can specialize on semiconductor chips, and pharmaceutical and importing low end goods from developing countries that specialize on manufacturing or have cheaper labor.

The US ill lose low end jobs in return for higher end jobs. The accusation of global markets trash labor and environmental standards is false. The lower labor and environmental standards may repel, instead of attract direct investment from abroad.

Several studies have shown that multinational pay what economist call wage premium about 10 cents, and sometimes 40% to 100% to Affiliates of US multinationals. The global free trade is not all about exploitation of the poor. The investments in developing countries may make the rich richer, however investments create jobs and the poor may be able to afford more necessities than they used to.