

A definition of capitalism



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Capitalism Neo ical economists have their own view on capitalistic businesses. However, according to Hunt and Lautzenheiser, there are unforeseeable attributes that influence the capital of a business (4). These factors are part of collective social factors that would eventually affect consumption as well as production. This realisation is what made the two authors have their own definition of economic systems. In essence, a business normally defines capital as the cumulative sum that is expressed in all tangible assets; whether fixed or even variable. However, the two authors argue that the social factors which affect the business should also be put into consideration while determining the capital needed for a business venture. These factors are fundamental in the operation of a business if returns are to be made. The assertion by the two is true. If any factor affects production, for instance, it should be incorporated in the economic postulations of the business. This is because if the factor has a negative effect on the business, then it would offset the returns of the same. Likewise, if the factor contributes positively to the business, then it would be like an asset to the same. Consequently, this makes it important to consider such factors as the social relations which would affect the business. Some of these factors include the environmental attributes within which the business is operating in. For instance, they can be factors such as investors' confidence or even political stability. A good environment boosts the business while a contrary one will be detrimental to the business. Bearing this in mind, it is true that social relations are the unseen part of a business' capital.

Works Cited

Hunt, E. K. and Lautzenheiser Mark. History of Economic Thought: A Critical Perspective. NewYork: M. E. Sharpe, 2011. Print.

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