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## RESEARCH PAPER ON CAPITALISM

Introduction   
Capitalism refers to an economic system featured by private ownership of factors of production, free markets, open competitive powers, and profit motivated enterprises. Capitalism encourages new investment ideas, innovations, new means of production, and new technology in a faster rate as compared to government owned public investments. In a capitalist system, individuals have the right of wealth ownership with limited controls from the government. This is referred as a Laissez Faire economy (Laclau, 2011). In the modern world, the concept of capitalism has been in operation and is viewed as the most effective way in getting individuals to achieve a status that leads to economic development.

## How U. S is a capitalist society

U. S is a significant example of a capitalist society where individuals own the factors of production with limited interference from the government. This has encouraged innovation and increased market competition, which boosts quality production and economic development. Behind the effectiveness of capitalism, however, lies a tendency of instability generation, financial crises, job insecurities, and oppression to the less privileged in the society, which most investors do not recognize due to the hefty profits generated from capitalism.

## The Capitalist theory

The capitalist theory was developed by Karl Marx (1818-1883) who argued that, in an economic system, the most crucial determinant of growth is the productive system. This generates innovations, social institutions, wealth, employment, and value for investment. Marx argued that the dominating idea behind changes in economic development is the result of production rather than mere changes of decisions or ideas brought forward by reformists (Ollman, 2008). Marxist theory defines capitalists as few individuals who own and manage productive sources. The larger part of the society, are workers who own and provide labor to capitalists who then own the products of labor and sell it at considerable prices, which pay the labor. According to Marx, capitalism is the source of building an economic status both at an individual and economy’s level. From the wages earned, workers can develop or advance their lifestyles or even own their means of production. This creates increased job opportunities, and the chain continues (Zarembka, 2011).

## Why capitalism ideology is useful economically

Capitalism can be credited for many economic developments in nations such as in U. S. where the government does not interfere or has limited influence on private ownerships provided such investments are in line with the existing law. Under normal circumstances, a 100% laissez faire economy has never been in existence and will not exist any time soon. This is because, the government is obligated to supervising the means of economic development, and encourage productive market systems. However, the fact that this has never existed, does not imply that it can never exist; laissez faire condition has a clear cut metaphysical possibility, which is not observable unless well scrutinized (Zarembka, 2011).   
Capitalism is an entirely practical conjecture, which has led to innovations, new technological means of production, job creation, increased rates of economic development, and expansion of many economies. However, the extent to which it benefits all participants of production remains questionable. The key motive behind capitalism is profit maximization at minimal costs (Laclau, 2011). The owners of capital dictate the levels of production, prices, as well as payments to the labor providers. A rational profit seeker is one who acquires substantial amounts of revenues, leaving costs and other expenses behind. This implies that, in a capitalist society, the owners of capital tend to ignore all external costs that reduce their profits. A significant example is on environmental degradation where investors conduct their businesses without incentives to reduce pollution. Take an instance of plastic disposals in   
Maryland; the only government intervention can be provision of cleaning incentives, whilst the communities are left to bear the polluted environment.

## Capitalism and Production

An essential characteristic of capitalism is privately owned means of production. The owner of the factors determines the wages, and as a rational investor, costs are cut down to all possible levels (Laclau, 2011). In most cases, capitalism leads to exploitation where workers are overworked with low levels of payments. Most of these workers are forced to persevere bearing the fact that the means of production are expensive, and the labor providers may not be in a position to acquire them. Most of these workers are the less advantaged in society who are forced to work to earn they daily living. The workers have no other option than to provide their labor at cheap and exploitative costs.

## Capitalism and technology

Competition is a prime factor in capitalism where every capitalist maximizes on investing with the most modern technology. This is marked by innovative ideas from the workers, which are merged together in efforts to beat the stiff competition from the few owners of the factors (Ollman, 2008). Development of technology sometimes leads to loss of jobs where individual labor is replaced with machine power. This means that in capitalist economic, job securities are not guaranteed. In addition, rational investors are always speculative, and this factor contributes to instabilities in financial markets. The investors hold enormous amounts of money while speculating on the investment types that will earn them high levels of profits. This is in no consideration to the effect that this has on economic development or stability.

## Capitalism, government and Marxist theory

In most capitalist economies, the owners of the factors of production are usually veteran politicians or people whose ideas are powerful in the government (Ollman, 2008). Political forces drive these economies resulting to instabilities in investment levels, job creation and speculate national profits. This affects the public sector as well as other economic development determinants such as education.   
Marxist’s theory of capitalism creates a relation between forces of production and social dynamics. It creates desirable social change, which later generates to class conflicts. The social relations in production create different social classes defined by status. In an attempt to benefit from the status quo and serve the interest of most members of a society, two classes are generated; the capitalists and proletariat (Laclau, 2011). The former are the owners of means of production while the latter are labor providers. The society divides into two classes; the wealth and poor where the wealthy acquire modern lifestyles while the proletariat continue being poor and exploited. This creates class conflicts, which adversely affect equal economic distribution if the government does not intervene.

## Conclusion

Economic development lies on increased emergence of new innovative ideas, which increase competitive powers in an economy’s market. The intervention of the government in managing the level of investments and competition is crucial in creation stability, in markets. However, the controversy arises where in government led economy, the level of innovations are decreased since the government provides all incentives limiting the ability to think. Further research is required in determining the level of government involvement in a capitalist economy in ensuring innovation, as well as reduced exploitations and class conflict to ensure uniform income distribution.

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