

# Economic history



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Economic history Capitalism refers to a situation where a certain capitalist owns and controls all means of production. In early days, capitalists were viewed as individuals who dominated or controlled the market but this notion later faded as there was a necessity to involve other people in the system as to maximize profits. This means that capitalists could not exist in isolation. They needed factors of production such as labor that could only be sourced from members of the society. There was also the fact that capitalists could in no way control or dominate the market because natural factors and immutable laws existed which rendered them having little or no personal control of the system (Hunt 126).

The insatiable quest for many profits necessitated the involvement of many workers and extensive labor division. Meaning that employees could work in different locations, anonymous to each other, with the aim of producing various parts for the same commodity. This led to each producer developing a sense of isolation and loneliness, which in the end translated to producers emerging as egoistic. This state of egoism led to a natural state of war with each fighting solely against a myriad others. However, this state of war could only be controlled if there were a central party which every producer would submit to and in turn gain protection from the rest producers. This was explained by Hobbes in his writing where he stressed that it was only after submission to an absolute monarch that individuals would escape the conflict existing among them.

Economic specialization, on the other hand, explained the co-existence of different producers in the market system to help each other survive. There was complete dependence on each other for successful functioning of the market. Economic specialization was important as it provided for a relatively

free functioning market where producers assisted each other produce and in turn benefit (Hunt 128). Labor and economic specialization contradict each other in that for the former, producers worked in isolation that prompted a feeling of competition among each other. For the latter, however, producers work to benefit each other. There is no single producer that can exist without the other.

In conclusion, human beings have a desire to achieve pleasure but avoid pain with his nature being competitive and egoistic. Specialization of labor is meant to maximize profits and speed up production in any market system. When producers are left to work independent, there is the development of an unnecessary state of war that is not healthy not only for the market, but also for the quest to gain profits. If this kind of interdependence were experienced as dependence on other human beings rather than the market, specialization would define the perfect market situation. As explained by economic specialization, when producers work together in a market system, everyone includes society benefits. If continued specialization continues to dominate the production world and there is no cooperation among producers, where each exists and fights the market forces singly, profits would not be realized as expected (Hunt 129).

#### Works cited

Hunt, E K. *History of Economic Thought: A Critical Perspective*. Armonk, New York: M. E. Sharpe, 2002. Print.