

Capitalism vs. welfare state: a debate

Philosophy



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Nov 14th There has been a debate going on concerning which system is better, a that adheres to capitalism, or one that is a welfare state. In order to get to understand which system is better, a definition for them has to be given. Capitalism is an economic system that functions spontaneously, with little government interference. It is a system, which is based on merit; an individual only earns what he or she has worked for and nothing more. This is the prevailing economic structure in the world at present, with the majority of countries adhering to it. On the other hand, there is the welfare state, where the government takes a direct hand in providing crucial services to its people, whenever they need it. For example, the government directly gets involved in the provision of food, shelter, and money so in order to promote the living standards of its people (Dore 115). A social welfare state promotes the idea that the public has a responsibility towards those of its members who are unable to provide needed resources for themselves. Both of these systems are highly prevalent in the world today, with the former being dominant in the United States, and the latter has by a majority of western European states. In this paper, the debate that has been raging concerning these two systems shall be discussed, and it shall be decided which functions better than the other does. It has been stated by some that the welfare state is the express outcome of the ascendancy of capitalism. It is said that the welfare state came into existence to address the problems, which had been brought about, by the unregulated policies related to capitalism. It has further been argued that a welfare state brings balance to the capitalist system through the provision of indirect support, such as education, to ensure the success of capitalism. While this statement can be said to be partially true, it does not seem to address the fact that in a majority of those

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countries, which have adopted capitalism, the welfare systems in them are extremely weak. A particularly compelling example of this is in the United States, which, despite having a welfare program, the standard of living for the unemployed within it is much lower than in some European countries (Amable 391). Moreover, one would argue that the welfare system acts as a check to the capitalist system. This is because it ensures that taxpayer money is used to ensure a balance in the living standards of all in the society (Weber 276). Those who work and pay taxes, are given the responsibility to provide for those who do not work and do not have the means to provide for themselves. One of the basic provisions of such a state is education. In a welfare state, education, from basic to tertiary, is very free, being funded by the government. This is the reason why the literacy rates in countries with such systems is extraordinarily high. This is not often the case in a capitalist system, where the state is only obliged to provide basic education, while the individuals have to sponsor themselves to further their education. Therefore, it can be said that a welfare system is better since the government takes care of all an individual's educational needs. In a capitalist state, an individual has to work for a time equivalent to the money that one is going to earn. This ensures that a person has to be employed in order to have an income; otherwise, he or she will not be able to afford their basic needs (Kibbe). It can be argued that such a state does not account for the needs of those who are unemployed, through no fault of their own. In a welfare state, unemployed people get an allowance from the government every month in order to be able to sustain themselves. Furthermore, in some of these states, such as Sweden, the government is obliged to search for jobs on behalf of the individuals who receive these allowances. This ensures that the

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unemployment rates in these countries remain low, when compared to countries with capitalist systems. In a capitalist state, the government does not regulate how much individuals earn, nor does the government interfere with how they administer their property. This ensures that in such systems, the gap between the well off and the poor is extremely wide indeed, and it is exceedingly difficult to breach this gap. This is not the case in welfare states, where the government has the power to take some of an individual's income to distribute it to the poor. This ensures that there is harmony in society, with remarkably little unrest because the poverty levels are often extremely low. In conclusion, it can be said that the welfare state is far much desirable since it caters for the needs of individuals in society. A capitalist state, on the other hand, is extremely inhumane, working more towards making a profit than considering the public welfare. Works Cited Amable, Bruno. " The Differentiation of Social Demands in Europe. The Social Basis of the European Models of Capitalism." *Social Indicators Research* 91. 3 (2009): 391-426. Dore, Ron. " Stock Market Capitalism Vs. Welfare Capitalism - Stock Market Capitalism and its Diffusion." *New Political Economy* 7. 1 (2002): 115-21. Kibbe, Matt. " Occupying Vs. Tea Partying; Freedom and the Foundations of Moral Behavior." *Wall Street Journal (Online)*: n/a. Nov 03 2011. Los Angeles Times; National Newspapers Core; The Wall Street Journal. Weber, Cameron M. " Understanding Capitalism: Competition, Command, and Change." *Science & Society* 73. 2 (2009): 276-8.