



JK Chrome

JK Chrome | Employment Portal



Rated No.1 Job Application of India

Sarkari Naukri
Private Jobs
Employment News
Study Material
Notifications



JOBS



NOTIFICATIONS



G.K



STUDY MATERIAL



JK Chrome

jk chrome
Contains ads



www.jkchrome.com | Email : contact@jkchrome.com

Capitalism

1. The term "capitalist" as referring to an owner of capital (rather than its meaning of someone adherent to the economic system) shows earlier recorded use than the term capitalism, dating back to the mid-17th century.
2. Capitalist is derived from capital, which evolved from "capitale", a Latin word based on proto-Indo-European caput, meaning "head" — also the origin of chattel and cattle in the sense of movable property (only much later to refer only to livestock). Capitale emerged in the 12th to 13th centuries in the sense of referring to funds, stock of merchandise, sum of money, or money carrying interest.
3. By 1283 it was used in the sense of the capital assets of a trading firm. It was frequently interchanged with a number of other words — wealth, money, funds, goods, assets, property, and so on.
4. The term 'capitalism', in its modern sense, comes from the writings of Karl Marx. In the 20th century defenders of the capitalist system often replaced the terms capitalism with phrases such as 'free enterprise' and 'private enterprise' and 'capitalist with investor or rentier' in reaction to the negative connotations sometimes associated with capitalism.

Meaning of Capitalism and emergence

1. Capitalism is a social system based on the principle of individual rights. Politically, it is the system of laissez-faire (freedom).
2. Legally it is a system of objective laws (rule of law as opposed to rule of man).
3. Economically, when such freedom is applied to the sphere of production its' result is the free-market.
4. It is an economic system based on a free market, open competition, profit motive and private ownership of the means of production.
5. Capitalism encourages private investment and business, compared to a government-controlled economy.
6. Investors in these private companies (i.e. shareholders) also own the firms and are known as capitalists.

7. Though the beginning of the capitalistic practice goes back to thirteenth and fourteenth centuries when Sieneese Bank were used by the Pa-pacy to handle the revenues drawn by it from various sources.

8. But it was only in the fifteenth century that number of capitalist enterprises made their appearance. The century also saw the opening of a number of silver and gold mines in Germany and Austria.

9. However, it was the discovery of the sea-route to India which gave an impetus to the capitalistic activities.

10. The rise of strong monarchies in France, England and Spain and the growing expenses of the state under the monarchs obliged these states to take certain measures to meet their demands which resulted in formation of capitalist bodies, though in a rudimentary form.

11. The advancement in the techniques of engineering and industry and the introduction of double entry book-keeping also helped the growth of capitalism.

12. But above all, in was Puritanism which provided a great fillip to the development of capital-ism.

13. Soon large modern stock companies came into existence for the purchase of carrying on overseas trade. The practice of making purchases on the basis of sample also gained currency.

14. Above all the discount and deposit banks also started expanding. All this can very well be described as early capitalism.

15. It may be noted that during the early period of capitalism only a very small section of the population was involved in trade.

16. Though the primary' urge to get rich quickly was there but the early capitalism lacked rationality and spirit of a fully developed capitalism.

17. At that stage the state also played an important role in up building of the capitalist organiza-tion. Another outstanding feature of capitalism at this stage was its highly ethical character.

18. Most of the merchants began their contracts with an invocation of the Trinity and regarded the profit as 'the blessing of God'. There was a tendency to charge only just price.

- 19.** The element of competition, which is an outstanding feature of modern capitalism, was also absent.
- 20.** The modern notions of large sales and small profits were unknown. The expansion of business and free use of credit was also not favoured. Another peculiar feature of the early capitalistic business was that it was highly secretive.
- 21.** The secret nature of the business was retained to ensure that outsider did not get too wise.
- 22.** As regards the business form of the early capitalistic enterprises it was based on the three principles viz. (i) the notion of business as a Legal entity-the Firm; (ii) business as an accounting entity; and (iii) business as a credit entity. The notion of firm, first of all developed in France in the sixteenth century.
- 23.** The concept of business enterprise as an economic entity spread with the introduction of double entry book keeping and the idea of balance sheet. The lead in this regard was provided by Italy.
- 24.** The emergence of systematic book-keeping greatly contributed to the growth of capitalism.
- 25.** It made it possible for the business entrepreneurs to know the exact position of their business at a given time and to determine their future activities.
- 26.** The notion of business as credit entity also played an important role in the development of capitalism. According to this notion the proprietor of an enterprise was conceived as a third person or creditor of the enterprise.
- 27.** In the subsequent centuries certain associations of an impersonal character developed.
- 28.** The earliest forms of this association were the partnership which was designated by law in France as public business association. It was necessarily based upon specific contract.
- 29.** In course of time, the capitalistic associations further developed and assumed the form of Stock Companies.
- 30.** The stock companies first of all appeared in England and remained quite rare till the end of the eighteenth century. In spite of the impersonal character of the associations the stock-holders maintained personal relationship. The dividends of the company were shared by all the share-holders according to the number of the shares held by them.

31. The state also participated-either directly or indirectly-in the develop-ment of the capitalistic forms of business. Some of the enterprises worked exclusively under state management. They were worked by the state for purely motives. An example of such capitalist enterprise of the period is the Prussian Arms Factory set up at Potsdam in 1722. Certain concerns were also run on the basis of cooperation between the state and the private capitalists.

The History of Capitalism: From Feudalism to Wall Street

1. The roots of what are now commonplace activities - such as buying stocks, bonds, and even things like applying for a loan or balancing a portfolio - is the "evolution" of the various economic systems that have supported them. The development of economics across time and continents is neither uniform, nor complete.

Tooth, Nail and Plants

1. In the black hole known as pre-history, humans established a complex system of community that includes elements of labor, reward and trade.
2. This eventually included the domestication of plants and livestock, furthering the scope of tradable goods as well as tying people to the land so economies could develop.
3. The uneven development of ancient economies suggests that many systems were attempted, but the profusion of empires suggests that the rule of powerful elite was the most successful in the early going.

The Spaces between Empires

1. The most telling fact about humanity in the ancient world is that when the external controls of a ruler were removed, people reverted to subsistence arming.
2. Although there is only one official dark age in the history text, the disconnected ancient world used to go through dark ages much like the blackouts and brownouts that ripple across energy hungry states.
3. In these dark areas, the people went back to securing enough food for them and surviving until the next powerful figure came along to claim them as his own.

Feudalism

1. Up until the 12th century, less than 5% of the population of Europe lived in towns.

Skilled workers lived in the city but received their keep from feudal lords rather than a real wage, and the farmers were essentially serfs for landed nobles.

2. It took the Black Plague, one of the most devastating pandemics in human history, to shake up the system significantly. By killing scores of people in both town and countryside, the various plagues of the dark ages actually created a labor shortage.

3. Nobles fought to hire enough serfs to keep their estates running and many trades suddenly needed to train outsiders, as entire guild families were wiped out.

4. The advent of true wages offered by the trades encouraged more people to move into towns where they could get money rather than subsistence in exchange for labor.

5. As a result of this change, birth rates exploded and families soon had extra sons and daughters who, without land to tend, needed to be put to work. Child labor was as much a part of the town's economic development as slavery was part of the rural life.

Mercantilism

1. Mercantilism is now known as an attempt to create trade imbalances between nations, as well as between colonies and their imperial rulers, so that one nation prospers at the cost of others.

2. The word "mercantilism" also has a less known usage, which simply means the principles and methods of commerce.

3. Mercantilism started as trade between towns, but it was not necessarily competitive trade.

4. Originally, each town had vastly different products and services that were slowly homogenized by demand over time.

5. After the homogenization of goods, trade was carried out in wider and wider circles: town to town, county to county, province to province, and, finally, nation to nation.

6. When too many nations were offering similar goods for trade, the trade took on a competitive edge that was sharpened by strong feelings of nationalism in a continent that was constantly embroiled in wars.

7. During the age of colonialism and mercantilism, the nations seeding the world with colonies were not trying to increase their trade.

8. Most colonies were set up with an economic system that smacked of feudalism, with their raw goods going back to the motherland and, in the case of the British colony in America, being forced to buy the finished product back with a pseudo-currency that prevented them from trading with other nations.

9. It was Adam Smith who noticed that mercantilism was not a force of development and change, but a regressive system that was keeping the world from advancing. His ideas for a free market opened the world to capitalism.

Industrial Capitalism and Further

1. Smith's ideas were well timed for the world, as the Industrial Revolution was just starting to cause tremors that would soon shake the world.

2. It was becoming apparent that colonialism wasn't the gold mine that the European powers thought it would be.

3. Fortunately, a new gold mine was found in the mechanization of industry. As technology leaped ahead and the factories no longer had to be built near waterways to function, industrialists began building in the cities where there were now thousands of people to supply ready labor.

4. Industrial tycoons were the first people to amass their wealth in their lifetimes, outstripping both the landed nobles and many of the money lending/banking families.

5. For the first time in history, common people could have hopes of becoming wealthy without being born into it.

6. The new money crowd was as rich as the old money crowd, but they had no interest in the status quo. They built more factories that required more labor while also producing more goods for people to purchase.

The Bottom Line

1. Industrial capitalism was the first system to benefit all levels of society rather than just the noble class.

2. Wages increased, helped greatly by the formation of unions, and the standard of living also increased with the glut of affordable products being mass-Produced.

3. This led to the formation of a middle class that began to lift more and more people from the lower classes to swell its ranks.
4. All over the world, capitalism grew beyond pure industrial capitalism into forms more palatable to the region it settled.
5. The U.S. raised one of the purest types of capitalism with a minimum of government regulation, while Canada and the Nordic countries created a balance between socialism and capitalism.
6. It took a long time to get here, but capitalism is here to stay.
7. As the world becomes more globalized, it is likely that countries who haven't yet adopted this system will jump on the bandwagon as well.

Forms of Capitalism

1. There are many variants of capitalism in existence that differ according to country and region. They vary in their institutional makeup and by their economic policies.
2. The common features among all the different forms of capitalism is that they are based on the production of goods and services for profit, predominately marketbased allocation of resources, and they are structured upon the accumulation of capital. The major forms of capitalism are listed below:

Mercantilism

1. Mercantilism is a nationalist form of early capitalism that came into existence approximately in the late 16th century.
2. It is characterized by the intertwining of national business interests to state-interest and imperialism, and consequently, the state apparatus is utilized to advance national business interests abroad.
3. An example of this is colonists living in America who were only allowed to trade with and purchase goods from their respective mother countries (Britain, France, etc.).
4. Mercantilism holds that the wealth of a nation is increased through a positive balance of trade with other nations, and corresponds to the phase of capitalist development called the Primitive accumulation of capital.

Free-market capitalism

1. Free-market capitalism refers to an economic system where prices for goods and services are set freely by the forces of supply and demand and are allowed to reach their point of equilibrium without intervention by government policy.
2. It typically entails support for highly competitive markets, private ownership of productive enterprises.
3. Laissez-faire is a more extensive form of free-market capitalism where the role of the state is limited to protecting property rights.

Social-market economy

1. A social-market economy is a nominally free-market system where government intervention in price formation is kept to a minimum but the state provides significant services in the area of social security, unemployment benefits and recognition of labor rights through national collective bargaining arrangements.
2. This model is prominent in Western and Northern European countries, albeit in slightly different configurations. The vast majority of enterprises are privately owned in this economic model.
3. Rhine capitalism refers to the contemporary model of capitalism and adaptation of the social market model that exists in continental Western Europe today.

State capitalism

1. State capitalism consists of state ownership of the means of production within a state, and the organization of state enterprises as commercial, profit-seeking businesses.
2. The debate between proponents of private versus state capitalism is centered around questions of managerial efficacy, productive efficiency, and fair distribution of wealth.
3. According to Aldo Musacchio, a professor at Harvard Business School, it is a system in which governments, whether democratic or autocratic, exercise a widespread influence on the economy, through either direct ownership or various subsidies.
4. Musacchio also emphasizes the difference between today's state capitalism and its predecessors. Gone are the days when governments appointed bureaucrats to run companies.

5. The world's largest state-owned enterprises are traded on the public markets and kept in good health by large institutional investors.

Corporate capitalism

1. Corporate capitalism is a free or mixed-market economy characterized by the dominance of hierarchical, bureaucratic corporations.
2. State-monopoly capitalism was originally a Marxist concept referring to a form of corporate capitalism in which state policy is utilized to benefit and promote the interests of dominant or established corporations by shielding them from competitive pressures or by providing them with subsidies.

Mixed economy

1. A mixed economy is a largely market-based economy consisting of both private and public ownership of the means of production and economic interventionism through macroeconomic policies intended to correct market failures, reduce unemployment and keep inflation low.
2. The degree of intervention in markets varies among different countries. Some mixed economies, such as France under dirigisme, also featured a degree of indirect economic planning over a largely capitalist-based economy.

The features of a capitalist economy

1. The capitalist system is an economic order in which all the means of production are privately owned and all economic activities are guided by the profit motive.

The features of a capitalist economy are:

1. Private ownership of means of production and law of inheritance. Means of production are owned by private individuals and ownership rights can be transferred to the legal heirs on the death of the individual.
2. Freedom of enterprise. Every individual has the freedom to carry out any occupation or trade at any place and to produce any commodity.

Criticism of Capitalism

1. Critics of capitalism associate it with social inequality and unfair distribution of wealth and power; a tendency toward market monopoly or oligopoly ; imperialism, counter-revolutionary wars and various forms of economic and

cultural exploitation; materialism; repression of workers and trade unionists; social alienation; economic inequality; unemployment; and economic instability. Individual property rights have also been associated with the tragedy of the anti-commons.

2. Notable critics of capitalism have included: socialists, anarchists, communists, national socialists, social democrats, technocrats, some types of conservatives, and some types of nationalists.

3. Marxists have advocated a revolutionary overthrow of capitalism that would lead to socialism, before eventually transforming into communism.

4. Many socialists consider capitalism to be irrational, in that production and the direction of the economy are unplanned, creating many inconsistencies and internal contradictions.

5. Labor historians and scholars such as Immanuel Wallerstein have argued that unfree labour — by slaves, indentured servants, prisoners, and other coerced persons — is compatible with capitalist relations.

6. Many aspects of capitalism have come under attack from the anti-globalization movement, which is primarily opposed to corporate capitalism.

7. Environmentalists have argued that capitalism requires continual economic growth, and that it will inevitably deplete the finite natural resources of the Earth.



JK Chrome

JK Chrome | Employment Portal



Rated No.1 Job Application of India

Sarkari Naukri
Private Jobs
Employment News
Study Material
Notifications



JOBS



NOTIFICATIONS



G.K



STUDY MATERIAL



JK Chrome

jk chrome
Contains ads



www.jkchrome.com | Email : contact@jkchrome.com