

Critics of capitalism

The basic difference between capitalism and non-capitalism is the fact that capitalism is based on the assumption of self-interest and non-capitalism is framed on the assumption that people are altruistic,

writes Prof Dr M Azizur Rahman

ACCORDING to the critics of capitalism, distribution of wealth, power and freedom is not equitable in a capitalist society. Knowledge is power. Similarly wealth is power. In the capitalist society, a powerful man enjoys more freedom. Accordingly, wealth, power, freedom and right of expression are correlated in the same direction. In a capitalist society, wealth is not assumed to be equitably distributed. Capitalism is based on the assumption that human beings are selfish by birth. Communism is based on the assumption that human beings are altruistic. Socialist ideology falls between capitalism and communism. In a socialist country, the state authority tries to distribute the personal and national incomes more equitably. Such a country is frequently called a social welfare state. In a capitalist society, people are poor or rich by birth. In many capitalist societies there is no inheritance tax. Affluence and poverty are mostly inherited from their forefathers. Wealthy people are socially more powerful. They enjoy more freedom in life including the right of their expression. In other words, the whole society is dominated by the affluent.

Markets under the capitalist society suffer from the lack of perfection and the negative externality in the industrial sector. As mentioned before, people are assumed to be selfish by birth. Markets will have a tendency to be concentrated with a few producers and suppliers of goods and services. In case of one producer it would be a monopoly, of two producers duopoly and of a few producers oligopoly. These are all examples of market imperfection in the social structure of capitalism. In case of market imperfection, consumers are never satisfied or they suffer a lot from higher price and less quality goods and services in the market. Oligopolists can easily form a market syndicate and charge higher prices for the sake of their abnormally high profit-motive. This is not very fair for the general consumers.

Capitalists in imperfect markets always think that more is better than less. They would not care about the benefit or social well-being of others. In the capitalist society we would not be surprised if we see a revolution and

counter revolution. This happens because of economic and cultural exploitation, repression of workers and trade unions, social alienation, economic inequality, unemployment and economic instability under capitalism. The lack of human dignity or unequal dignity leads to a revolutionary situation between the working class and the ruling class. The capitalists or the investors try to maximise their output or profit and minimise their cost of production. In their effort of cost minimisation, they try to hire workers at a very low wage. In other words, capitalists exploit the working or economically lower class people in the society. They are normally the labourer class. The repressed workers naturally form a trade union. Conflict between trade union and the ruling class cannot be avoided in the capitalist society. The working class is sometimes socially alienated. And these result in economic inequality, unemployment and economic instability. All these contribute to the sustained economic poverty. The percentage of poverty is more in the capitalist society than other kinds of societies including socialism and communism. National productivity is higher in the capitalist society because people are not altruistic. They work very hard to improve their own fate. Due to the lack of equitable distribution of national wealth and income, unemployment rate and poverty are relatively high in the capitalist society. For example, during mid-eighties (1985) poverty in a capitalist society like USA used to be 30% which is relatively high compared to the poverty in some socialist or communist countries. Unemployment and seasonal unemployment are the normal features in the capitalist society that leads to economic instability. In other words, everybody does not have the employment opportunity.

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