

# Quick Facts: Capitalism

## History

---

### Charles Darwin (English Naturalist):

- *Origin of the Species* “survival of the fittest” “natural selection”

### Physiocrats:

- Belief that since the physical world is governed by unchangeable rules the political/economic/social world must be governed by rules as well.

Therefore, all artificial rules created by human beings are unnecessary and should be done away with: *Laissez-faire*: “leave to do” –government should leave the people be.

### Adam Smith (Scottish Philosopher and Economist):

- Each person has their own interests at heart
- If self-interest is allowed complete freedom, the tremendous force of competition would drive the economy
- “Invisible hand”: selfish economically governed actions of all individuals of a society ultimately combine to benefit all of society
- Government should not interfere

### The Composition of Capitalism:

- Private Property
- Freedom to buy and sell
- Profit Motive
- Inequalities of wealth
- Competition
- Price system based on supply and demand
- Little government intervention in the economy

### Price System:

- The mechanism that coordinates the multitude of economic decisions made in the market place
- Based on supply and demand
- **Supply**: Relationship between possible prices of a product and the quantities that businesses are willing to supply
- **Demand**: Relationship between possible prices of a product and the quantities consumers are willing to purchase
- **Profit Motive**: The desire of entrepreneurs to accumulate capital by engaging in a commercial venture

### Criticisms of Capitalism

- Creates abnormal interest in competition and materialism at the expense of morality
- Too often human worth is measured in material wealth i.e. Millionaires/Poverty
- The negative ecological impact
- Money creates power

### The Rebuttal

- Some people work more and work harder, therefore they deserve more.