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Q. The inherent vice of capitalism is the unequal sharing of blessings. In light of this statement, discuss various limitations of Capitalism. (150 words)

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Approach

- Define Capitalism
- Discuss various limitations of Capitalism
- Conclude with the need of reform for addressing socio-economic inequality

Answer

Capitalism is identified with a system of unfettered individual enterprise. That is a system where economic and social relations are ruled by contract, where men are free agents in seeking their livelihood, and where legal compulsions and restrictions are less. Thereby capitalism is made virtually synonymous with a regime of laissez-faire or free competition.

Various limitations of Capitalism

- The capitalist system suffers from inherent instability that has characterized and plagued the system since the advent of industrialization. Because capitalist growth is driven by profit expectations, it fluctuates with the changes in technological or social opportunities for capital accumulation.
- The second limitation with respect to market-driven growth focuses on the adverse side effects generated by a system of production that is held accountable only to the test of profitability. It is like a complex industrial society that the production processes of many commodities generate “bad” as well as “goods”—e.g., toxic wastes or unhealthy working conditions as well as useful products.
- Capitalism produces unprecedented inequality and injustice. Housing, healthcare, education and employment are not guaranteed as fundamental rights.

- Critiques of Capitalism argue that it promotes consumerism and individualism ruthlessly. It destroys the social consciousness of human beings. Private property and profit cannot uphold ideals or values such as “we” and “ours”.

Various measures have been taken by capitalist societies to meet these criticisms. Capitalism has adapted itself with the changing times in order to survive. It has also generated wealth across the world, however, it remains the most important factor for income inequality in societies. With the policies of the welfare state and adequate safety nets for underprivileged, the vices of capitalism could be addressed.