

Final exam essay: Is capitalism ethical?

Zhumagaliyev Alibek SE-1902

In this essay I will try to get to the bottom of the question whether it is ethical to partake or endorse the system of capitalism, its shortcomings and present my take on the problem present in the question. This paper being an essay preemptively outlines its subjective nature and heavy bias on the topic, inevitable formed by my personal opinions on the matter.

To fully understand the meaning of question being asked we first need to establish the basic, the definition of terms used and relied upon in the essay. That would of course be capitalism and ethics.

«Capitalism - an economic system characterized by private or corporate ownership of capital goods, by investments that are determined by private decision, and by prices, production, and the distribution of goods that are determined mainly by competition in a free market» - [1]

To provide even more clearance and understanding to the reader, an explanation of the term free market is necessary. Many of the points and explanations made from examination of economic structure of free market will in turn come up even if it can come around as being off topic, so bear with me. A free market would be an economic system where the main rules that determine who gains the most profit and what goods or services are being exchanged are laws of supply and demand. That basically means that if people want something, someone will step up and start producing the goods needed, making profits for himself, and commonly expanding his business; And if those goods are not stop being desired or the market becomes hyperinflated with said product, producers' gains would pummel, and he would go out of business because no one would want or be willing to buy what he sells. We should also not forget about the competition aspect that economy of free market contains within itself.

When the demand of certain goods or services rises, there rarely is only one to step up to provide. Usually there are numerous competitors share the niche and overall profit being made on said goods and services. And that I think, is arguably, the best thing about free market. Because in environment like that everyone is forced to take action, simply by existing in the same plane of goods production they involuntarily compete with each other, taking away others potential income. And since everyone wants the biggest piece of pie, to have the biggest share of the market to themselves they innovate, improve, manage, rebuild, produce. Competition brings innovation, when faced with competitors selling similar

products the only way to stay ahead of the competition is to bring something new to the table, to provide never before seen services, to sell technologies no other competitor has. To have the best quality product on the market is another sure way to position yourself among the top of competition. And if you look closely, you can see that this strategy has been used by producers from all fields of production, from premium cars to mobile phones. To have your product, your brand be associated with quality is the key to success. But there is also another way to make the most profit and crush the competition – have your products be decently efficient but at the same time as cheap to produce as possible. That is the complete opposite of an approach, but in doing so producers only win covering the budget market of that product and saving costs on the production.

So, the main takeaways we can make from this are following:

- 1) In free market as long as there is a demand, there will always be a supplier to cover it.
- 2) Capitalism as an economic system elevates individuals that can create a competitive business.
- 3) Competing businesses will take any opportunity to overcome their competitors.

From everything that I just described economy of free market seems good theoretically and at least logical. Yeah, if the system created worked just as planned it would be perfect. But many if not all of the readers already know that up until this point of the essay, I forgot to mention the biggest flaw and a bane of capitalism – monopoly. And that's where I tie in the second part of the essay: ethics and human nature.

Again, to get the full scope of the topic being discussed let's get back to definitions.

«Ethics - the discipline dealing with what is good and bad and with moral duty and obligation» - [2]

The definition of ethics is especially hard to pin down, everyone understands it but can describe in his own way, allowing it to mean relatively the same thing but be different just enough to spark the debate. So, ethics provide us with standardized understanding of what is the right thing to do, and usually it is aimed at interaction between individuals. Would it be the right thing to do if the consequences of the action can and will affect other people? The question of fairness is especially significant in human society. And when we talk about the right things to do there are always to do the bad, unfair things, that by some could even be considered outright evil.

Personally, I think there is no pure in humans, no single human would commence an evil deed for the sake of doing evil. Yes, there are a lot of different people, and as history shows when it comes down to it people can do horrible things but there is always a reason. The legitimacy of the reasoning behind hideous acts are of no interest of this essay and to expand the already existing set of topics would be unreasonable and off putting, so I would not go any further in explanation of this concept. But, when presented with an opportunity gain something, be that materialist values or anything else, at the expense of other individuals, people will take it, and this is not a characteristic of free market, it's a characteristic of human nature.

In this particular case, in the system of free market the most common reasoning behind objective wrongdoings and unfair acts is greed; after all it always comes down to the profit. So, us people, being the way that we are, we would always seek an easier way, a way to cheat the system, even that of free market. Afterall, you wouldn't have to bother competing with the others, pushing yourself and cutting the profits to have more appeal in the eyes of customers when there would be no competition. How you manage to eliminate all the other competitors, by means of outmanaging and outperforming competitors fairly or by some other less ethical means matters little in context of paper. But what the results that it leads to I would argue to be quite questionable at least.

In the beginning of the paper, I said that competition controls the pricing of goods, to interpret customers control the pricing by not buying the overpriced goods and opting for more justified price of the goods of some other competitor. But what happens when there are no other competitors. The one and only producer of goods reigns supreme and is allowed to set the pricing as high as he wants, granted customers really want the product he produces. One would think that this situation should never be allowed to happen, what if the product is too important and people rely on it in their day-to-day life, having the price on it go up ten times would destroy them. And yes, that's all true, that's why the government takes strict control over some aspects of the market that the country relies on to function, like agriculture, education, transportation and so on. And that's why we don't have a purely capitalist country in the world, human greed would not allow for that to flourish.

In conclusion, I think I presented all the information needed for a regular reader to fully understand the system, what it does, how it functions and what drawbacks it has, as well as pointed out the source of system's problems. Capitalism, the free market system, does not touch the field of ethics remotely, for ethics are for humans and only when the human element is integrated in the idea of free market if comes apart and the questions about the ethics of capitalism rise. When one individual and his acts have the ability to influence another individual on his own,

be that considered and ethical or unethical act. Why would we think that he wouldn't do that in the space of economic system?

1. "Capitalism." Merriam-Webster.com Dictionary, Merriam-Webster, <https://www.merriam-webster.com/dictionary/capitalism>. Accessed 20 Feb. 2022. – Definition of capitalism.
2. "Ethic." Merriam-Webster.com Dictionary, Merriam-Webster, <https://www.merriam-webster.com/dictionary/ethic>. Accessed 20 Feb. 2022. – Definition of ethics.