

Economic Systems

Tobin T. Fricke
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Over the millennia that humans have lived on the earth, many different breeds of economic systems have developed, each with its own practices, followers, and ideals to manage the people's transactions involving money or goods. These different economic systems are diverse and one will often completely contradict the beliefs of other economic systems, yet, strangely, one economic system will often evolve into another form.

One prominent economic system alive today is Capitalism, the unique properties in which are the ideals of private ownership and private enterprise, which promotes high quality, low cost production. All people under such a system have the right to own property and hold money and to do what they please with it. These people form companies and corporations to join together in labor to render service or create a product. This service or product is rendered or created in return for money. The company which created the product will distribute the profit among its employees, the more important employees earning more than the workers. Since more than one company may make similar products, the purchaser of the products has the ability to choose between manufacturers. They will make this decision based mainly upon such factors as the quality and price of the product. Since it is to the advantage of the company to have many customers, the various companies compete with one another to create the bestselling product. In pure capitalism, this "invisible hand of competition" is the only controlling force. However, problems arise when a company has no competition.

In Capitalism, when a company has no competition, they have what is called a monopoly. Consumers no longer have a choice of products since there is only one company producing this product. The result of this is that the company no longer needs to create a variety of high quality, low cost products in order to survive. Quality as well as the worker's wages plummet while the end price of the services or product skyrockets. In many economic systems, control is installed to break apart monopolies to avoid this detrimental situation.

Another major economic system is Socialism, a system where there is no tax, no poverty, and no unemployment. As ideal as this may seem, Socialism seems to be a dismal failure in the real world due to a lack of an incentive to produce. In socialism, all methods of production, land, labor, and capital, are controlled by the government, as opposed to Capitalism, where the methods of production are controlled by private individuals. In socialism, people cooperate in a company or corporation, and everyone in the corporation receives equal pay. The government assigns jobs, eliminating unemployment. Because everyone receives equal pay even though they may be vastly superior or incredibly inferior than the average, there is no incentive to produce. Since one does not receive extra payment for working harder or better, no one does. This is the Achilles heel of Socialism.

Capitalism tends to evolve into Socialism, and Socialism tends to evolve into Capitalism in any given society. A twoclass society often develops from a Capitalistic system: the workers and the affluent. A small portion of the population controls and employs the remaining large portion. The people in control of the corporations and businesses have vastly greater financial resources than those in the worker class. The general feeling of the worker's class is of discontent and frustration with the system, while the affluent feel that the system works very well. The majority worker class wishes for greater help from the government, less unemployment, and less tax, resulting in a drifting towards a Socialistic system. The converse is also true. In a Socialistic system, the bright or hard working people are not rewarded for their efforts. The general productivity of the work force steadily declines due to the lack of an incentive to produce. This breeds discontent and the people wish for a Capitalistic system where their efforts would benefit them directly and in proportion to their intelligence and labor. Thus, Capitalism generally leads to Socialism, which often leads back to Capitalism.

Ideally, a Socialistic society would evolve into a Communistic system. In Socialism, all work is shared by the people, but the means of production are in the hands of the government. The government controls everything, forcing the system to work. Theoretically, as the mentality of the people bends into this cooperativetype system, the control of the government will diminish. When the last glimmer of governmen_tal control has disappeared over the horizon, the society has reached communism. Communism is theoretically ideal, with no unemployment, no taxes, no monopolies, no poverty, no rich people, and a general feeling of sharing and good will. A communist nation has never existed, so it is not known if this ideal is attainable.

Capitalism, Socialism, and Communism are three very different economic systems. Each system has its strengths and weaknesses. Capitalism thrives, producing new technology, services, and goods very quickly and making these products available to the consumer at a very low price. However, when a monopoly develops, these benefits disappear. Socialism and Communism eliminate many bad aspects of of society, including poverty and unemployment, but due to a lack of a strong incentive to produce, Social_is_tic and Communist systems tend to be very unproductive. Perhaps in the end, a new crossbreed economic system will result, combining the good aspects from Capitalism, Socialism, Communism, and other economic systems.