Benefiting the Public Good

Savita Raghunadan

[Institutional Affiliation(s)]

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Capitalism refers to the economic system which holds that the means of production should belong to private entities. The key components of such a system include capital goods, labor, entrepreneurship, and natural resources. Those who own natural resources, capital goods or entrepreneurship exercise their control via organizations or companies. Individuals themselves own their labor, and everyone within the system is motivated to make a profit. A prominent thinker who contributed to the idea was Adam Smith who was of the view that it is the self-interest that drives the baker, brewer or butcher to deliver our dinner, not their benevolence. The underlying idea is that a voluntary transaction occurs between the parties and stakeholders in which they exchange goods or services based on their rational self-interest and outcomes. A party can only obtain their benefit when they address what the other party needs from them, which helps them achieve economic prosperity. The central features of capitalism include private property, self-interest, market mechanism, and competition. Private property allows the private ownership of tangible and intangible assets to the individual, while competition guides their exchange by providing them with the freedom to exit or enter a market (Nelson, 1982). The free interaction between sellers and buyers determines prices and improves efficiency within the system as each party is motivated by a higher reward.

The elements of power, order, and justice are central to all functional societies. Under the capitalist system, limited power is exercised by the government to protect citizens from fraud and force. Police power is used to protect individual rights while a military protects their rights from external aggression. The courts settle disputes and enforce contracts through their power. The government's use of power is only to retaliate against a party that has violated the right of the other by means of force. Under capitalism, justice is achieved in the political or social context in the sense that every person achieves only that what they can fairly gain as a result of their voluntary association with other individuals. All individuals are granted equal rights and a man’s right to keep that which he has earned is recognized. Thus, it is unjust to have someone else possess what the other has earned. Any item of material value has to be earned by the person under the system, which is proportional to that which he produces (Riley, 1989). This gives rise to a social order in which a free market of ideas and products exist that is driven and owned by private individuals. The free market and the rights to private property serve as the basis for development, distribution of goods and trade within the social order. It establishes an order in which beliefs and actions at the individual level determine that society’s prosperity and development.

The capitalist system is based on the idea that every individual as an appropriate and natural concern for the other individual's well-being. This gives rise to a self-organized market in which mindful and rational individuals act and engage in mutual exchanges, with an inherent sense of responsibility regarding the rights, happiness, and well-being of the other individual. Individuals also recognize the government has the right to restrain those individuals that fail to recognize this responsibility. This ability of the market to organize itself serves as the basis for the public good that is achieved through capitalism, as long as certain principles and conditions associated with this free exchange are adhered to. Through this way, markets enable prosperity and progress for every individual in society by increasing productivity and efficiency. It thereby enhances the standard of living and provides society an incentive to innovate which in turn, achieves more efficiency, higher quality, and lower prices; hence, serving the public good.

# References

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