CAPITALISM NOTES

11 varieties

Laissez-faire capitalism: a social system in which there exists absolutely no government intervention in the economy.

Agrarian capitalism (sometimes known as market feudalism):

This was a transitional form between feudalism and capitalism, whereby market relations replaced some, but not all,

of feudal relations in a society.

Mercantilism: where national governments sought to maintain positive balances of trade and acquire gold bullion.

Industrial capitalism: characterized by its use of heavy machinery and a much more pronounced division of labor.

Monopoly capitalism: marked by the rise of monopolies and trusts. Often used to describe the economy of the late 19th and early 20th centuries.

Colonialism: where governments sought to colonize other areas

to improve access to markets and raw materials

and improve the standing of nationally-based capitalist firms.

Predominant in the 1890’s, notably as a response to the economic crises of the 1890’s.

Welfare capitalism: where mixed economies predominated and governments sought to provide a safety net to alleviate the worst abuses of capitalism. The heyday of welfare capitalism (in advanced economies) is widely seen to be from 1945 to 1973 as major social safety nets were put in place in most advanced capitalist economies.

Mass production: post-World War II, saw the rising hegemony

of major corporations and a focus on mass production,

mass consumption, and (ideally) mass employment.

This stage sees the rise of advertising as a way to promote

mass consumption and often sees significant economic planning taking place within firms.

State capitalism: where the state intervened to prevent economic instability, including partially or fully nationalizing certain industries. Some economists also include the economies of the Soviet Union and the Eastern Bloc in this category.

Corporatism: where government, business, and labor collude to make major national decisions. Notable for being an economic model of fascism, it can overlap with, but is still significantly different from, state capitalism.

Financialization (financial capitalism): where financial parts of the economy (like the finance, insurance, or the real estate sectors) predominate in an economy. Profit becomes more derived from ownership of an asset, credit, rents, and earning interest, rather than actual productive processes.

-----------------------------------------------------------------------------

History

While trade has existed since early in human history,

it was not capitalism.

Shareholder companies date back to ancient Rome.

Among the major tenets of mercantilist theory was bullionism, a doctrine stressing the importance of accumulating precious metals.

Fully-fledged capitalism is generally thought to have emerged mainly in present-day Flanders, and the Netherlands, and Great Britain, in the 16th to 17th centuries.

The first capitalist nation-state was the Dutch Republic

in the 17th century. The birth of the world's first

formally listed, chartered, joint-stock public companies

(the British East India Company, founded in 1600,

the Dutch East India Company founded in 1602,

and the Dutch West India Company in 1621)

and first formal stock exchange

(the Amsterdam Stock Exchange in the Dutch Republic),

helped usher in a new era of financial capitalism

and heralded the transition from feudalism to modern capitalism.

These companies were characterized by their monopoly on trade, granted by the state. They enjoyed power ranging from lawmaking to military to treaty-making privileges.

Traders in Amsterdam and London

created the first banking and insurance institutions.

The world's earliest recorded speculative bubbles

and stock market crashes have their roots in 17th century Holland.

The productivity gains of capitalist production began a sustained and unprecedented increase at the turn of the 19th century, in a process commonly referred to as the Industrial Revolution. Starting in about 1760 in England, there was a steady transition to new manufacturing processes in a variety of industries, including going from hand production methods to machine production, new chemical manufacturing and iron production processes, improved efficiency of water power, the increasing use of steam power and the development of machine tools.

During the resulting Industrial Revolution, the industrialist replaced the merchant as a dominant actor in the capitalist system. Also during this period, capitalism marked the transformation of relations between the British landowning gentry and peasants, giving rise to the production of cash crops for the market rather than for subsistence on a feudal manor.

Market-oriented solutions gained increasing support in the capitalist world, especially under leadership of Ronald Reagan in the U.S. and Margaret Thatcher in the UK in the 1980’s.

While economists generally agree about the size of global income inequality, there is a general disagreement about the recent direction of change of it. In cases such as China, where income inequality is clearly growing it is also evident that overall economic growth has rapidly increased with capitalist reforms

(\*this means that most of the profits of growth ...

are going to those at the very top).

<https://en.wikipedia.org/wiki/History_of_capitalism>

<https://difference.guru/difference-between-mercantilism-and-capitalism/>