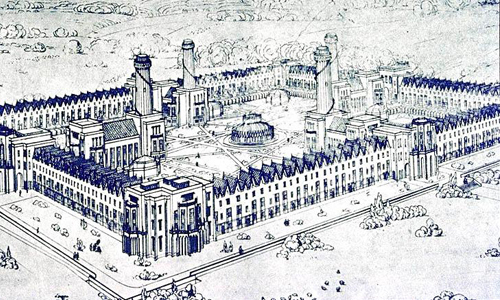
**[](http://cdn.benefitof.net/wp-content/uploads/2014/10/capitalism.jpg)Benefits of capitalism**

Capitalism is ranked as an economic system in which industry and trade and also the means of production are most commonly or entirely owned by private enterprises and individuals who operates for profits. The central aspects of capitalism includes competitive markets, capital accumulation and wage labor.

In a capitalist economy, the parties to a transaction are the people those who determines the prices at which the goods, services and assets are exchanged in the open market. However nevertheless, the role of regulation and government interventions, degree of competition and the scope of public ownership of the businesses varies across different models of capitalism among several nations all across the globe.

Here are a list of few [benefits](http://benefitof.net/encouraging-benefits-associated-with-keeping-a-food-diary/) of the capitalist theory:

**1. Ensures economic and political freedom**

It has been observed that when the government own the means of production and are responsible for setting prices on goods and services, it invariably leads to consolidation of power with the state that creates a large bureaucracy which may always extend to other areas of life. However with capitalism, economic freedom helps in finding political freedom, which is one of the basic [popular](http://benefitof.net/8-benefits-of-hatha-yoga-are-making-it-popular/)upholding factors that propagates capitalism.

**2. Improves efficiency**

Entrepreneurs and firms in capitalist based nations face incentives to be efficient and also produce goods that are in demand. These incentives in product and service [management](http://benefitof.net/benefits-of-asset-management/)creates the pressure to avoid waste and cut cost in every level of the production activity. It has been observed contrary to the capitalistic social model, state owned firms and establishments tend to be more inefficient as they most often are less willing to get rid of surplus [workers](http://benefitof.net/benefits-of-temporary-workers/)and pays less incentives to the labors to try new and innovative working practices.

**3. Caters to economic growth**

As firms and establishments in the capitalistic societies, are rewarded with incentives to be innovative and works hard for such benefits, this creates an atmosphere of innovation and economic expansion within the capitalistic countries. In a capitalistic societies, this incentives for better performance and growth, helps in increasing the GDP which subsequently leads to improved standards of living. As anyone can benefit from this increased wealth in capitalistic nations, there is always a “trickle-down-effect” from the rich to the poor which slowly upgrades the economic condition of the capitalistic social system.

**4. No viable change**

Perhaps the strongest argument that works in favor of capitalism is that there is no alternate politico-economic system that can replace capitalism in our modern age. As almost all attempts for implementation of communism has failed long ago, changing the economic system out of capitalism is isn’t even an option in the modern world. Even superpowers like China, has abandoned total communism in the recent years and are heading towards capitalism in terms of trade and other international politico-economic activities.

**5. Ensures happiness**

The happiness map of the world published by eminent scholars from the University of Leicester, has clearly seen that the foremost democratic and capitalistic countries of the world like USA, Canada, New Zealand, India and the whole of Europe are the happiest nations all across the globe.

So in a nutshell, capitalism is a social machine, which improves free-market and enables people to get whatever product they want that increases economic growth and happiness wherever it has been implemented all across the globe.