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What is capitalism and what is its relation with democracy?

Answer **Exordium**

Capitalism is an economic system, which emerged globally during 19th and 20th century. The growth of 'Industrial revolution gave birth to capitalism.

Adam Smith in his book, 'Wealth of Nation' mentioned these concepts and he is also known as father of economics. Smith highlighted that there is always some 'invisible hand' behind the rise or fall of prices. He revealed that invisible hand is 'demand and supply'. Capitalism against its rival communism lead the world to great wars.

Definition

Socially it is a system of fundamental human rights, legally it is a system of rule of law, politically it is a system of Laissez Fair, economically it is a system of free market.

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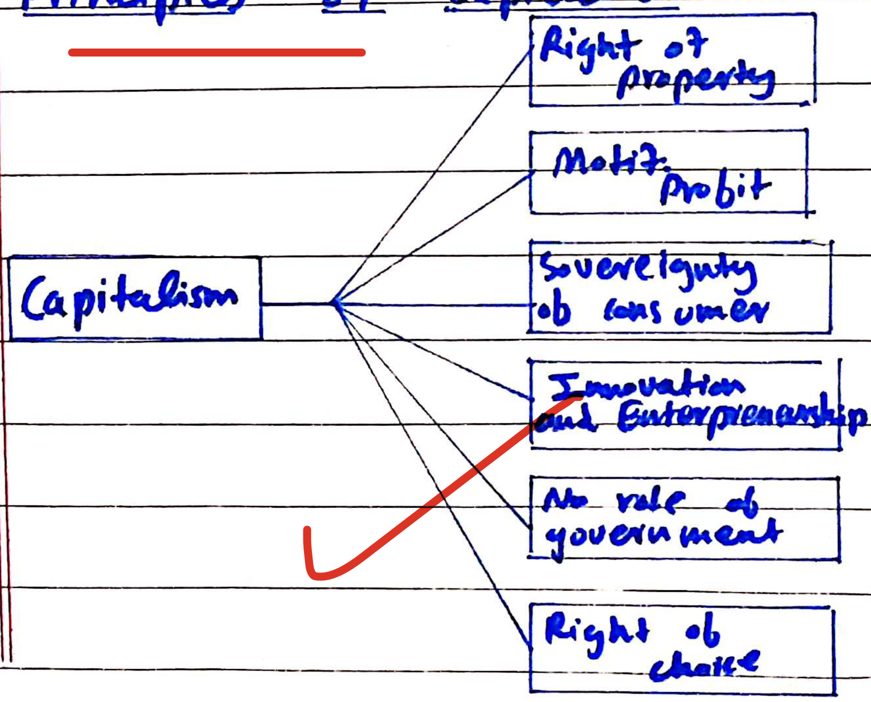
Introduction of democracy

Democracy is a political system which provides free election, right to choose rules and sovereignty to people. Libral democracy is prevailed in USA whereas, social democracy is evident in Scandinavian countries and Germany.

Woodrow Wilson noted, we must save the world for democracy. This highlighted the importance of democracy. Democracy had its basis from Athens where it was present in form of social democracy.

relate your headings and arguments to the qs statement............

Principles of Capitalism



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Right of property

Capitalism gave full right to own property. This encourages growth of the nation. The evident example of rise of USA which was due to growth of economy. The growth of economy by ~~indivel's~~ individuals' property.

Rights of choice

Individual is given full freedom to chose everything the kind of business, how many firm and where to locate. One is not obliged to follow anyone else his own choice

Motif is profit

The motif ~~of~~ of capitalism is profit. There one concern to business is to make more and more profit. For instance, one owned single firm and has also establish a secret firm which is not in records of government. It has negative impact but their concern is only profit.

Right of capital

The individual can own capital

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as much they want, no one can take that benefit from them. For instance if Elon Musk has ~~ma~~ owned alot of capital. State or any other institute can not take it from him.

Sovereignty of consumer

The consumer can change the direction ~~term~~ of an industry. It is due to production is depended on need. If industry is producing and people are consuming at same rate only then it can result in profit. Otherwise failure will be there.

Innovation and Entrepreneurship

The speed of consumption and growing economy encourages new innovations and entrepreneurship. The advancement in industry is example of it. For instance, during COVID-19 different clothing brands started making matching masks.

No role of government

The one principle is that there is no role of government. This is add and highlight references/examples against these arguments........

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Laissez Fair Government will not interfare in individual's property

Advantages of capitalism.

Efficient economy

The economy forces efficent growth. It leads to individual's improvement and generally the economy of the country grows. Exempli gratia, in USA when president Ronald Regen decrease taxes. There were vast increase in economy, ~~millions~~ thousands of people were added in list of millioneires

Innovation and tech.

The consumer decides the product but industries by themselves also gave new and trending ideas. The boom tech in Silicon valley, emergence of google, tesla, Apple etc were under capitalistic atmosphere.

Flexibility in production

The producers keep an eye on the need of customers. Exempli Gratia, during COVID-19, there was huge shift on online platforms. Almost

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all kind of brands, food and everything changed on online platform.

Enhance living standards

Capitalism give space to make profit and own profit. This ultimately enhance the living standards with increase in wealth. The example of this can be seen by the difference of developing world and developed world. Developed world has high living standards and developing world has no advancement.

Disadvantages of capitelism

Huge inequality

When one party owned maximum resources and second party is starving. So, huge inequality will fill the gap.

Explaitation of Labour

In capitalistic environment, exploitation of labour is also very common. For instance, during industrial revolution in USA, they exploited labour by more number of working hours and low wages.

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Monoply of capitalist

Capitalist party also established their monoply and they influence different other aspects of life. For instance, the owners of factories in Pakistan are free to influence justice system and threatened the working class.

Boom and bust cycle

Inequality can vanish the purchasing power of individuals. When more number of production than consumption, ultimately industries will collapse. The cycle repeats with time.

Karl Marx criticizes capitalism in his book **Das Kapital** and wrote:

Capitalism is a dead labour, which vampire like lives only by sucking living Labour.

Relationship with democracy

Democracy is a political system. Meanwhile, capitalism is a economic

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system

Co-existance of democracy and capitalism

Prosperity

If capitalism and democracy coexist than prosperity is evident. Everyone has right to follow their choices in politics & economy. Individuals will be safe politically and economically and it garantees prosperity

Individual freedom

Capitalism and democracy both favours freedom of individual. Democracy gave freedom to choose their ruler. However, capitalism gave freedom to own property

Rivalry of capitalism and democracy

Social unrest

The capitalist party can influence democracy and if democratic ruler turned out to be corrupt, he will influence and attract capitalism. This situation resulted in chaos for working

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class
Purchased or influenced democracy
Capitalists can easily influence legislature and democracy of a state. For instance, campaign financing.

USA as an example
'Capitalism' and 'Democracy' both are present in USA. Liberal democracy and free market. She often faces criticism that major campaign financier are Jews, that's why USA presidents favour Israel.

Scandinavian countries
In Scandinavian countries like, Norway, Denmark and Sweden. There is system of social democracy and controlled capitalism. These scandinavian countries present the text book example of good relations among democracy and capitalism.

Pakistan as an example
Pakistan has democracy and capitalism

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but both are at war with each other. Many critics highlighted influenced departments and unchecked capitalism in Pakistan

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Denouement

'Capitalism' is an economic system and 'Democracy' is a political system. These can go hand in hand by proper rule of law, which ensure good relations among these two. The good relations can be developed by fair distribution of wealth and transparency in democracy.

work on the structure of the answer.

improve the references, paper presentation and the headings quality part........