

# Capitalism

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Capitalism is an economic system based on the private ownership of the means of production and their use for the purpose of obtaining profit. This socioeconomic system has developed historically through several stages and is defined by a number of basic constituent elements: private property, profit motive, capital accumulation, competitive markets, commodification, wage labor, and an emphasis on innovation and economic growth. Capitalist economies tend to experience a business cycle of economic growth followed by recessions. Economists, historians, political economists, and sociologists have adopted different perspectives in their analyses of capitalism and have recognized various forms of it in practice. These include laissez-faire or free-market capitalism, state capitalism, and welfare capitalism. Different forms of capitalism feature varying degrees of free markets, public ownership, obstacles to free competition, and state-sanctioned social policies. The degree of competition in markets and the role of intervention and regulation, as well as the scope of state ownership, vary across different models of capitalism. The extent to which different markets are free and the rules defining private property are matters of politics and policy. Most of the existing capitalist economies are mixed economies that combine elements of free markets with state intervention and in some cases economic planning. Capitalism in its modern form emerged from agrarianism in England, as well as mercantilist practices by European countries between the 16th and 18th centuries. The Industrial Revolution of the 18th century established capitalism as a dominant mode of production, characterized by factory work, and a complex division of labor. Through the process of globalization, capitalism spread across the world in the 19th and 20th centuries, especially before World War I and after the end of the Cold War. During the 19th century, capitalism was largely unregulated by the state, but became more regulated in the post-World War II period through Keynesianism, followed by a return of more unregulated capitalism starting in the 1980s through neoliberalism.