Capitalism is an economic and political system in which a country's trade and industry are controlled by private owners for profit, rather than by the state.

CAPITALISM

NITA
MEDEEA-MIHAELA

Capitalism is an economic system based on the private ownership of the means of production and their operation for profit. Characteristics central to capitalism include private property, capital accumulation, wage labor, voluntary exchange, a price system and competitive markets. In a capitalist market economy, decision-making and investments are determined by every owner of wealth, property or production ability in financial and capital markets, whereas prices and the distribution of goods and services are mainly determined by competition in goods and services markets.

In capitalist economic structures, supply and demand is an economic model of price determination in a market. It concludes that in a competitive market, the unit price for a particular good will vary until it settles at a point where the quantity demanded by consumers (at the current price) will equal the quantity supplied by producers (at the current price), resulting in an economic equilibrium for price and quantity.

The four basic laws of supply and demand are:[101]:37

1. If demand increases (demand curve shifts to the right) and supply remains unchanged, then a shortage occurs, leading to a higher equilibrium price.
2. If demand decreases (demand curve shifts to the left) and supply remains unchanged, then a surplus occurs, leading to a lower equilibrium price.
3. If demand remains unchanged and supply increases (supply curve shifts to the right), then a surplus occurs, leading to a lower equilibrium price.
4. If demand remains unchanged and supply decreases (supply curve shifts to the left), then a shortage occurs, leading to a higher equilibrium price.

Supply and demand