

# [Comparison and contrast of mercantilism and capitalism](https://assignbuster.com/comparison-and-contrast-of-mercantilism-and-capitalism/)

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Compare Contrast In 1450-1750, mercantilism and capitalism were two dominant forms of economy. Both economies were similar in the way that they both originated in Europe and promoted trade between countries and were different in the way that capitalism revolved around wealth creation while mercantilism revolves around wealth accumulation and gold bullions. The dominance of capitalism and mercantilism as economic systems in Europe promoted contrast between the two different styles. Capitalism focuses on wealth creation through the individual, while mercantilism is centered on wealth accumulation by extraction.

In a capitalist economy, privately owned business are encouraged while in a mercantilist economy government owned businesses are supported because of the heavy economic regulations in mercantilism. Capitalism encourages consumer spending while mercantilism discourages the extravagance of the consumers because capitalist wealth creation revolves around the individual. Capitalism supports a competitive businessenvironmentthat contrasts mercantilisms monopolies because capitalism encourages privately owned small businesses while mercantilist economies support fewer businesses that dominate their respective industries.

Mercantilist wealth is measured in gold bullions while capitalist wealth is measured in economic growth. Mercantilism was created prior to capitalism and was not dominant in the 17th and 18th centuries, while capitalism emerged in the 19th century to support mercantilist ideas. Capitalism and mercantilism are two similar forms of free market economy. Both forms of economy originated in Western Europe. Capitalism was created after mercantilism in order to support mercantilist ideas.

Capitalism and mercantilism both encourage trade among countries and colonies because capitalist ideas, like oversea trade, were made to support mercantilism. Both economic systems oppose the ideas of socialism and communism with free market principles. In 1450-1750, mercantilism and capitalism were two dominant forms of economy. Both economies were similar in the way that they both originated in Europe and promoted trade between countries and were different in the way that capitalism revolved around wealth creation while mercantilism revolves around wealth accumulation and gold bullions.