



Co-existence of Democracy and Capitalism: A Reflection of Reciprocity or Ideology?

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Abstract

There are two types of premises discussing the relationship between democracy and capitalism. First, capitalism and democracy are interrelated since both ideologies protect the liberal concept of private property and the freedom of individuals. However, another bloc believes that these two ideologies are contradictory. Capitalism generates economic inequalities within society that create political disparity. Through a critical survey of some foundational texts and contemporary literature on liberal democracy and capitalism, this article examines their relationship and explains why and how capitalism and democracy support each other. It argues that capitalism and democracy fit structurally and mutually make a politico-economic order in which capitalism ensures its autonomies against the state, and democracy commands public policies in which economic structure does not ban the freedom of political choice. The article concludes that capitalism and democracy were reciprocally causal historically and serve as survival-shield of each other although they are not ideologically tied; democracy is the best institutional safeguard of market freedom and profit maximization, while capitalism creates the practical ground of political competition. Both are functionally well-suited as they ensure high centralization of power and capital in a few hands. This relationship is far more interest-oriented and power-centric than ideological.

Keywords: Democracy, capitalism, socialism, freedom, power-reciprocity

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Introduction

Democracy and capitalism are two fundamental elements of modernization. Historically, the two elements are not only related, but the level of the relationship is also so intense and spontaneous that many scholars (e.g., Friedman, 1981; Acemoglu & Robinson, 2012; North et al., 2009) argue that the relationship between democracy and capitalism is natural. Despite the historical link, democracy and capitalism are two different phenomena. Democracy is a political concept, a process related to the authoritative allocation of values. On the other hand, capitalism is a system of economic rules that speaks of free trade and establishes the right to private ownership and capital accumulation. It is said to be no bourgeois, no democracy (Moore, 1966). Historically, a strong correlation exists between economic growth and democratic values. Individual capacities and preferences are the driving force of this economic-political system. Dahl (1998) suggests that democracy can only be borne in a capitalist economy and has never been sustained in a non-market economy. This argument draws from a simple hypothesis that certain features of market capitalism are favorable to democratic norms that are vital for democratization.

However, they also have a dialectic relation. Capitalist democracy or democratic capitalism was fully established only after the Second World War following the victory of the Allied Forces (Wagner, 2011). In *Capital in the Twenty-first Century*, Thomas Piketty (2014, p. 1) argues that capitalism spontaneously breeds inequalities that undermine democratic values. So, theoretically, there is no clear correlation between the two variables. In reality, modern democracy upsurges with capitalism, and without capitalism, democracy cannot survive. History shows, real or superficially, that all those societies where democracy was continued for a couple of decades were capitalist, although not every capitalist country is democratic (e.g., South Korea, Hong Kong, or Singapore). Schumpeter (1976) argued that “modern democracy is a product of the capitalist process” (p. 297). In contrast, Dahl (1998, p.178) and Diamond (2008, p. 23) claim that because of its adverse consequences for political equality, capitalism, in final consideration, is unfavorable to the development of democracy. However, contemporary politics shows that capitalism may perform without liberal democracy (e.g., China, Hong Kong, Singapore). Following this puzzle, this article examines two interrelated questions: Is there any ideological link between democracy and capitalism? If not, what is the force/interest that makes it possible for the co-existence of democracy and capitalism?

This article argues that there is no ideological relationship between democracy and capitalism; instead, they are ideologically separate. Capitalists support democracy because it does not restrict the freedom of the market in the economic sphere like non-democratic political systems or hinder the accumulation of profits capital; private actors can maintain their autonomy by staying in democratic decision-making structures. Democracy and capitalism jointly provide stability to the economic-political system, but their coexistence with other political/economic systems presents tension in their relations. For example, the coexistence of capitalism and socialism in the case of China (Pearson et al., 2021) or the relationship between theocracy and capitalism in Iran (Sattari, 2020) is troubled.

Research Method and Data

This article uses a qualitative research approach to answer the research questions raised. My purpose in this article is to look into the link between capitalism and democracy and to explain why and how capitalism and democracy support each other. I do so by explaining the ideas together and considering their relation as a reciprocal function in which both support each other and contribute to their powerful existence. In this regard, I explore how the theorists focusing on liberal democracy (i.e., Seymour Martin Lipset, Gabriel A. Almond, S. P. Huntington, Robert A. Dahl, Larry Diamond) and theorists focusing on capitalism (i.e., Joseph A. Schumpeter, Friedrich Hayek, Milton Friedman, Charles E. Lindblom, Adam Przeworski, Thomas Piketty, Wolfgang Streek) explained the link between capitalism and democracy to find out why capitalism and democracy support each other. These scholars are well-known social scientists/economists whose writings often overlap on democracy and capitalism. This categorization of scholars is somewhat limited/controversial as it is difficult to group them into an isolated circle. Nevertheless, the overall identity of these scholars can be fixed by focusing on their scholarship. For example, Schumpeter or Friedman explained the main features of democracy, but they are primarily regarded as economists. Similarly, Lipset or Huntington are regarded as political/social scientists, even though they simultaneously explain the nexus between democracy and capitalism. The basis of categorization reflects the fundamental identity and academic attachment of scholars. The categorization has been adopted because it provides more space to incorporate theorists critical of and supportive of democracy/capitalism. Through revisiting foundational and contemporary literature on capitalism and democracy and a brief empirical survey of the politico-economic condition of present capitalist democracy, this article explains the relationship between the two systems and their mutual interests.

As I mentioned, the study follows qualitative research based on document analysis, historical studies, and interpretive analysis. In this research, I have also used descriptive data collected from different datasets (e.g., OECD social spending, World Bank Gini index, World Inequality Data). However, I have not claimed that my study follows a mixed method, though I use time series data to explain my assumption. Methodologically, my attempt is rooted in an interpretive ontological location that critically examines the reasons behind the co-existence of democracy and capitalism despite their ideological differences and the pattern of their relationship based on existing theories and descriptive analysis of historical events that established democracy and capitalism with violence. Therefore, I built arguments and explanations through greater engagement with the basic and latest research published in this area, e.g., summarizing existing research by adding a substantial argument and new analysis.

Interpretive research is a framework and practice within social science research that is invested in philosophical and methodological ways of understanding social reality (Schwandt, 2000; Schwartz-Shea & Yanow, 2012). The primary goal of interpretive research is to understand and explain why something happens in a specific way. Therefore, it emphasizes sensemaking, explanation, and detail. Central to the interpretive framework is understanding a theoretical or social problem (Bhattacharya, 2008, p. 464). Yanow (2014) suggests that rather than a deductive or inductive rationale, interpretive

research follows an abductive logic of inquiry which “begins with a puzzle, a surprise or a tension”, typically arising from the connection of two variables with observations, experiences, and/or readings (p. 143). In some cases, the research tool may be the only means to analyze historical events or explain the relationship between complex political ideologies (Creswell, 2007). It has been used widely across the social and human sciences as an epistemological framework, especially in political science, anthropology, sociology, and cultural studies.

A very pertinent question is why this study follows the interpretive analysis method to reach a logical conclusion. To answer this question, I will first discuss what interpretive analysis means and its utility in qualitative research. I will then explain how the method can help me meet my research goals or answer the questions raised. I have followed this approach because my question was born out of a puzzle: Why and how does democracy, as an egalitarian political philosophy, support an unequal economic system, or how do they merge into one another in the real world? From existing literature, it is apparent that democracy and capitalism go hand in hand. However, it is still unclear how to explain the co-existence of these two conflicting doctrines.

This article attempts to understand the reasons for their co-existence rather than explaining the causal relationship between the two phenomena (e.g., A case B or A happened because of B). This goal is consistent with the capability of the interpretive analysis because Max Weber says that interpretive inquiry is one of the tools for understanding complex social issues or realities (Weber quote in Bhattacharya, 2008, p. 464). The article asserts that there is no ideological connection between democracy and capitalism and that they arose through violence in the 16th and 17th centuries. This claim requires analyzing the historical events that produced democracy and capitalism, which the interpretive approach can adequately do.

The remainder of this article has four parts. The third part analyzes what ideology means and why democracy and capitalism are not just political and economic systems but ideology. Part 4 describes the main features of democracy and capitalism and examines how extant literature connects democracy with capitalism through the four theorems of the relationship. This discussion aims to show that they have built a supportive relationship where democracy enjoys autonomy in politics and capitalism in economics. How capitalism is established, and the transition of democracy is offered through Part 5. This discussion focuses on my first argument- that there is no ideological correlation between capitalism and democracy. The reasons behind the co-existence of democracy and capitalism are discussed in the final part, Part 6, which has explained my second argument.

Why Democracy and Capitalism are Ideology

In this section, I will explain what ideology means and why this article considers democracy and capitalism as ideologies alongside political and economic systems. Ideology is a fluid and contested concept, and there is no consensus on the definition of ideology in the social sciences (Sargent, 2009; Wetherly, 2017). Ideology is “a set of ideas that tries to link thought with action” (Ball et al., 2014, p.4). That is, ideologies attempt to shape how people think—and therefore how they act. Wetherly (2017) explains

ideology as “a system of ideas involving a vision of the good society” (p. 32). It not only offers a better future but also gives specific directions about the steps that must be taken to attain this goal. Baradat and Phillips (2017, pp.10-11) describe ideology by identifying three features: a vision of the future, a motivational ability to attain goals, and a moral and theoretical base. Sargent (2009) approaches the concept based on the value systems of various societies, while Marxist theorists see ideology as a fabrication/tool used by a particular group of people to justify their actions (Strath, 2013; Foley, 2019). Thus, for them, the dominant political ideology of any political community must reflect the interests of the ruling class. Althusser (2014, p. 108) further clarifies that every capitalist state possesses a repressive state apparatus (e.g., police, army) and an ideological state apparatus (e.g., the Church, the schools, media), which creates public opinion in favor of existing system of government and capitalist activities.

This study considers ideology as a coherent set of principles that explains and evaluates social conditions, offers an action-oriented program for shaping the future and holds a motivational power to command the masses in a particular way to attain its goals. Now, I will analyze whether the concepts of democracy and capitalism fit with the idea of ideology and how scholars in social science use these two concepts. Although socialism and capitalism are primarily two economic systems, they now act as ideologies since they have a set of ideas, strong beliefs, motivation power, and an action-oriented agenda. Capitalism is an economic ideology because it matches the essential features of the ideology presented earlier.

First, capitalism holds a set of ideas, e.g., private ownership of property, unlimited opportunity for the accumulation of capital and property, a free market system with limited/no governmental interference in economic activities, existence of an invisible hand in market coordination, balancing between supply and demand, and no legal barrier on profit maximization. Second, capitalism has the motivational power that directs individuals in economic activities. Although the incentive comes from personal gain and profit motive, that can influence production and innovation.

Third, capitalism is action-oriented because those who choose it as an economic system work to protect and expand it. Althusser (1970, p.107) asserted that a working-class revolution is impossible systematically or through parliament, even if communist leaders get a majority in parliament. Because the capitalists will collectively block it, the police army of the bourgeois state and the opportunistic middle class will challenge the overthrow of capitalism with violent means. The most critical part of Althusser’s hypothesis is that apologists of capitalism are not passive parts of society; they believe capitalism is the best economic system and can improve society by establishing it. Finally, capitalism has a solid moral and theoretical base, which gives it the strength to fight against a powerful ideology like socialism. Capitalism’s solid moral base comes from the concept of individual property rights and economic freedom, where economic freedom is believed to affect political freedom, and liberty and prosperity go hand in hand. On the other hand, the theoretical base of capitalism is rooted in the classical works of Adam Smith and later scholars, including David Ricardo, Milton Friedman, and Maynard Keynes.

Many scholars have discussed democracy simultaneously as a system of government and political ideology. For example, Zakaria (1997) explains democracy as “a political

system” marked by fair elections and the rule of law (p. 22). He also suggests that “democracy is also a single ideology, and like all such templates, it has its limits” (Zakaria, 2007, p. 26). In any book on contemporary political ideology, concepts such as democracy, socialism, anarchism, and feminism are inevitably discussed as subject matters (Sargent, 2009; Freedman et al., 2013; Baradat & Phillips, 2017; Heywood, 2017). Ball and his colleagues (2014) treat democracy not only as an ideology but as the ‘ideal’ of all political ideologies: “Democracy is not simply one ideology among others; it is an ideal that different ideologies interpret in different ways” (p. xi). Democracy is so popular and influential that everyone tries to link his or her ideology, whatever it may be, to democracy. For Ball et al. (2014), democracy is the superior ideology that legitimizes other political ideologies’ actions and visions. For instance, before reunification with West Germany, communist East Germany was known as the German Democratic Republic. Similarly, North Korea’s communist leader Kim Il-Sung named his state/regime the Democratic Republic of Korea.

I do not treat democracy in this study as merely a political system or a form of government; instead, I have interpreted it as a political ideal because, on the one hand, democracy contains certain principles. On the other hand, it motivates democracy believers to establish them. The long struggle to establish democracy against dictatorship in various regions of the world reflects the ideological characteristics of democracy. A system is a bundle of interconnected components that are intended to perform tasks following a specific set of rules, which does not necessarily embrace values or motivation. Democracy is more than a system. That is why Lenin (1969/1902) declared that only two ideologies are open to the working masses: “bourgeois ideology” and “socialist ideology” (p.23). Borrowing this assertion, Althusser (2014) also affirmed that “Bourgeois democracy” exists as a “state ideology” (p. 104). Nonetheless, liberal democracy is labeled as ‘bourgeois democracy’ in Marxist literature.

Scholars (Bjørnskov & Paldam, 2012; Foley, 2019; Wolf, 2023) have described capitalism and democracy as economic and political ideals, respectively. Sargent (2009) argues that democracy and capitalism are so closely tied that the idea of an alternative or segregation seems foolish to most citizens of North America and Western Europe. He reported that in the United States, democracy and capitalism are considered popular ideologies, and people are antagonistic to socialism: “The word socialist is so negative that using this word produces rejection of an idea without further discussion; in many countries, the word capitalist has the same effect” (Sargent, 2009, p. 108). An alternative reading of Sargent’s statement is that, in different parts of the world, people hold capitalism, democracy, communism, and socialism in such a way that these politico-economic systems have transcended their boundaries and transformed into a powerful ideology. These concepts/systems contain all the characteristics/qualities that an ideology needs to have.

Capitalism and Democracy: Revisit the Mainstream Theories

Capitalism is an economic system in which “the means of production and the capacity to work are owned privately and there are markets in both” (Przeworski, 1991, p. 101). Polanyi (2001, p. 74) viewed capitalism as a market society in which social norms,

demands, and the self-governing market guide economic actions and coordination. But Streeck (2014a) refers to capitalism as a specific type of social order that is not only confined to financial affairs but also influences all aspects of life. Capitalism is characterized by the ascendancy of private companies based on investment, innovations, personal profit, and property rights. In contrast, democracy emphasizes individuals' liberty based on exercising human rights. Like Schumpeter (1976), this article considers democracy as a political system in which most of the country's leading government officials are elected through universal suffrage. Lipset (1960, p. 27-31) argues that in a democracy, all citizens have the right to vote for their leaders and engage in political participation that transforms their policy preferences into binding public choices. Like Lipset, Robert Dahl (1989, pp. 213-223) describes democracy as a series of structural procedures that retain active political participation and effective competition among organized groups. Though market economies are not sufficient to establish democracy, it is evident that democracy can never survive in an agrarian society where the elites are essentially landlords. (Dahl, 1990; Bowles & Gintis, 1986). Joseph Schumpeter (1976) wrote that capitalism made modern civilization, with democracy being a part of that civilization. He also argued that democracy was historically loyal to capitalism. The capitalists restructured and redesigned their preferred system by demolishing the old feudalistic socio-political formation preceding its dominance.

Nevertheless, neither capitalism nor democracy wiped out the exploiting structure but established a specially designed order. Huntington (1991) followed Dahl in saying: "The future of democracy depends on the future of economic development. Obstacles to economic development are obstacles to the expansion of democracy" (p. 31). He argues that in the third world, democracy is uncertain; in rich countries, it has already been established. Similarly, Geddes (2009, p. 595) claims that although poor democracies sometimes collapse and turn to autocracy, rich democracies never do; in rich countries, the bourgeoisie and the middle class can establish a solid fortress to protect democracy. However, Gabriel Almond (1991) holds a middle line indicating the relationship. After a long overview of important literature dealing with the themes of the interaction between capitalism and democracy, Almond (1991) concludes, "Democracy and capitalism are both positively and negatively related, that they both support and subvert each other" (p. 473). Diamond (2003, p. 29) flatly states that democracy is a ruling of elected government, a method for choosing representatives through a competitive and fair election. For him, even electoral democracy is not easily attainable as it requires certain economic, social, and cultural conditions. Beyond doubt, this socio-economic structure is made by capitalism, in other words, by capitalist development.

Table 1
Four Theorems on the Relationship Between Democracy and Capitalism

Link between democracy and capitalism	Democracy → Capitalism	Capitalism → Democracy
Supportive relationship	<p>Optimality theorem</p> <p>Democracy ensures institutional guarantee for private property and free market.</p>	<p>Necessity Theorem</p> <p>No capitalism, no democracy; economic freedom is the essential condition of political freedom. Without economic freedom, political freedom can never be sustained.</p>
competitive/antagonistic relationship	<p>Disability theorem</p> <p>Democracy limits freedom of market and private property rights by imposing different laws (e.g., redistribution of wealth).</p>	<p>Inequality theorem</p> <p>Capitalism enhances inequality in society, leads to political discrimination.</p>

Source: Made from different sources, including Beetham (1993), Kurki (2014), and Gedeon (2018)

There are two hypotheses in discussing the relationship between democracy and capitalism. First, capitalism and democracy are interrelated and support each other. Second, capitalism and democracy are antagonistic and limit each other's performance and natural directions. Four theorem have developed in political science highlighting these two basic ideas and debates: (i) the necessity theorem (e.g., economic freedom, which is an intrinsic characteristic of capitalism, is an essential condition of political freedom and competition); (ii) the optimality theorem (e.g., democracy is the best condition for the free market as it protects private autonomies and market competition that are necessary for the capitalism); (iii) the inequality theorem (e.g., economic inequalities of capitalism limit political freedom of democracy); and lastly, (iv) disability theorem (e.g., democracy can undermine capitalism by imposing the rule of redistribution of wealth and control over the market coordination that is the basis of economic inequality) (Table 1).

The necessity theorem and optimality theorem assert that there is a structural and functional correspondence between capitalism and democracy; both support the separation of economy and politics and the concept of separate public-private spheres. They nurture and strengthen civil rights, political rights, and freedom of choice. This is why democratic capitalism creates a stable politico-economic system. The concomitance of socialism/despotism with the free market is unbalanced and unstable, representing contrary rationalities (Acemoglu & Robinson, 2012). Therefore, the co-existence of a non-democratic regime and capitalism may break up in due course. Many scholars (e.g., Rowen, 2007; Diamond, 2017) have predicted that the spread of capitalism may lead to China's transition to democracy.

Kurki (2014, pp.124–128) presented the theory of complementarity, a combination of the necessity theorem and the optimum theorem, describing the relationship between democracy and capitalism. She developed the theory by putting forward four arguments: (i) democracy and capitalism are necessarily complementing and mutually reinforcing because they both believe in individual freedom; (ii) they are statistically complementary (e.g., the link between the wealth and level of democracy); (iii) they are functionally

comparable to one another as both systems work with comparable logics (e.g., competitive market and free competitive election); and (iv) they are accompaniment coincidentally.

The inequality theorem argues that the capitalist economic system inevitably creates inequality within society due to its inherent characteristics that impede political equality and freedom of political choice (e.g., political freedom is worthless without financial independence). It is common in capitalist societies that those with more significant economic influence have more political power than the rest. More precisely, economic disparities naturally translate into political inequalities and impose a hierarchical relational structure of leader-follower like the bourgeoisie and labor. The basic assumption of the disability theorem is that democracy can take various corrective measures to reduce economic inequality in society and try to control it by imposing additional taxes on profits, which can weaken capitalism. Democrats do this to attract people experiencing poverty, but it can limit capitalism's fundamental ideals of free competition, the right to increase private property, and the notion of market coordination by the invisible hand. These two theorems postulate that there is an inverse tendency and tension between capitalism and democracy, resulting in an unstable society and a society of persistent civil discontent.

The last two propositions believe that although democracy and capitalism are closely related, these two ideologies are contradictory (Offe, 1990; Olson, 1993). Capitalism creates huge resource disparities that lead to socio-economic discrimination in contrast to democratic values since democracy speaks of political equality. In a democratic state, everyone enjoys equal rights in voting, freedom of expression, religion, and social mobility. Therefore, capitalism and democracy are contradictory. Capitalism intrinsically is the carrier of inequality; democracy believes in political equality. This article claims that the tensions between democracy and capitalism are superficial. Because their disputes do not ultimately challenge or destroy the two systems (Dahl, 1993; Acemoglu & Robinson, 2012). Instead, it is more of a remedial measure that increases the system's stability. In other words, the tension between democracy and capitalism balances the two systems, reinforcing each other. That is why this article essentially considers democracy and capitalism as complementary and auxiliary forces of others. Free access of individuals to economic resources and organizations (market competition) and political competition reinforce each other: "The open access economic system as a system of economic competition supports the open access political system as a system of political competition" (Gedeon, 2018, p. 191). The following discussion, therefore, mainly focuses on the first two theorems.

Proponents (e.g., Schumpeter, 1946; Lipset, 1959; Tamas, 1992) of the first two theorems believe that both ideologies protect the liberal concept of private property and freedom of individuals. Both dogmas believe in the individual's creative ability and political sovereignty. Capitalism is crucial in shaping democratic values through economic decentralization and expanding free media and the middle class. On the other hand, democracy plays an essential role in the expansion of capitalism by recognizing the right of the individual to acquire property and the accumulation of enormous wealth. Both democracy and capitalism emphasize personal skills, political participation, and the likes and dislikes of individuals. The above discussion has attempted to define democracy and capitalism and discussed the main pattern of their relationship. Now, we will see

how democracy and capitalism have expanded worldwide and whether there was any ideological relationship.

The Origin and Growth of Democracy and Capitalism: Reflection of Force

The assumption that capitalism and democracy are tied ideologically has two aspects: first, capitalism and democracy are naturally linked, and second, the two concepts are naturally in tension with each other. Classic and neo-Marxists of the 1970s support the first aspect with some minor differences. Those premises claim that a market economy shaped the basic structure of Western societies, while democracy was a “surface phenomenon” (Wagner, 2011, p. 7). However, theorists focusing on liberal democracy oppose this view in explaining the link. They argue that most wealthy nations are democratic and that most democratic countries, except India, are capitalist. So, they concluded that capitalist expansion and the continuation of democracy are directly correlated (Lipset, 1960; 1993; Almond, 1991; Przeworski, 1991; Fligstein, 1996). Lipset (1959) argues that democracy is strongly associated with capitalist development, stating that the “more well-to-do a nation, the greater the chances that it will sustain democracy” (p. 75). For him, a country divided between large poor people and a small well-off class would result either in aristocracy or autocracy. The resources, level of education, urbanization, and industrialization are much higher in democracies than in non-democratic nations (Lipset, 1959, p. 75).

Przeworski also proves that democracies are rare in low-income countries and frequent in affluent nations. Data presented by Lipset show that more industrialized and urbanized countries are likely to be more democratic. In summary, Przeworski and Lipset’s data draw two simple nexus circles: more wealth turns to more democracy, while more democracy brings more wealth (Model 1 of Figure 1); conversely, less wealth results in high autocracy and less democracy reproduces low-level of industry and consumptions (Model 2 of Figure 1).

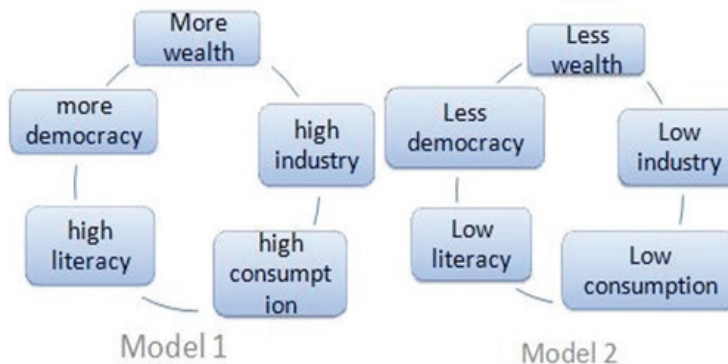


Figure 1. Link between wealth and democracy

The basic argument of their thesis is that a capitalist economic system promotes a particular socio-economic-cultural development. These developments establish and promote democratic values and institutions (e.g., individualism, secularism,

accountability, political rights, political participation, and civic culture). Almond (1991), Dahl (1998), and Huntington (1968) support this hypothesis. For Huntington (1968), free enterprise stimulates continuous social change and influences the speedy mobilization of new people, to some extent capitalist into politics that builds up democratic political institutions. However, I argue that democracy is not a ‘fruit’ of social evolution or development. It is just a visible surface of an iceberg, with a significant portion submerged in the water. ‘Certain socio-economic index creates democracy’ is a fallacy and hides the original history of the establishment of democracy. Indeed, democracy is a product of force, whether it comes from internal or external sources. Table 2 describes the real transition mode of democracy and argues that there have been three historical routes to democracy: violence (force), colonial legacy, and grants. In France and the UK, democracy (popular sovereignty) was established after the King’s head was decapitated, symbolizing the truth of force- not a peaceful social evolution. The French revolutionary capitalist class did this through the revolution in 1789, whereas the British capitalist force succeeded in cutting the head of the monarch in 1649 (Table 2). Likewise, all Afro-Asian-Latin American societies adopted democracy after a massive killing and destruction by their Western colonial masters.

Table 2
The Transition of Democracy in the World

Country	Year/ Event	Transition mode of democracy	Remarks
England	1649 and 1688	Internal violence, a civil war between 1642 and 1648	Charles I, the monarch of the UK, was decapitated in 1649.
France	1789	Decade-long anarchy and violence after the revolution.	By 1793, almost 40,000 people were executed for “counter revolutionary” activities.
The USA	1780, after independence.	Independence/Civil war; not peaceful transition	After a bloody civil war, American democracy was established without slavery.
Germany and Japan	After WWII	Guided by the American arms forces.	Thousands of US armies still stay in Germany and Japan.
Italy, Greece, Spain, Netherland and Norway	After WWII	Democracy adapted after the occupation of the USA-UK	These countries turned to autocracy in the 1930s.
Eastern Europe	After 1989	Smooth but aid dependency	Democracy is a condition for membership in the European Union.
Iraq and Afghanistan	After American Invasion	Mass destruction and killing	The US army-backed ‘elected government’ has been performing for a decade.
Turkey	After WWI	Military autocracy backed by the Western power in the 1920s	Democratization is necessary for Turkey’s membership in the EU.

Country	Year/ Event	Transition mode of democracy	Remarks
South and South-East Asia	Between 1945 and 1960	Colonial legacy and aid	These countries are practicing democracy with ups and downs.
Central America	After WWII	Serious of US invasion and aid	One of the most influential zones of the USA.
Latin America	After WWI	Colonial legacy	Latin democratization is directly influenced by the USA
Africa	After WWII	Colonial legacy and condition of grant/loan	The poor and violent zone of the world. Democracy faces serious challenges.
Caucasus and Central Asia	After the fall of Soviet Union	Aid diplomacy	EU and USA are pushing democracy with a 'carrot and bamboo' policy.

Source: Made by the writer from different sources, including Huntington (1991a), Berman (2007), and Moore (1966).

After World War II, democracy established in third-world countries was neither a condition of independence nor an outcome of Western aid (Table 2). Even in Germany and Japan, democracy was established under the direct direction of the American army. General Douglas MacArthur of the USA replaced the militaristic and quasi-absolute monarchy, marking the Meiji Constitution (1889) with the Japanese peace constitution in 1947. The democracies of Greece, the Netherlands, and Spain also followed in the same way. These states were freed by Allied powers in 1944, and then democracy was established. Huntington (1991b) recognized this truth but differently: "During the third wave, the European Community (EC) played a key role in consolidating democracy in southern Europe. In Greece, Spain, and Portugal, the establishment of democracy was seen as necessary to secure the economic benefits of EC membership," (p. 14).

Eastern European Democracy also exposed the condition of the European Union; at least this democracy never presents peaceful social evolution. The breakdown of Soviet Russia made democratization feasible in the Baltic States and Eastern Europe. If Soviet control loosened, Huntington (1991b, p. 14) forecasted democracy would be re-established in Central and Eastern Europe. That became a reality after the collapse of the USSR in 1991. According to liberal democracy theorists (e.g., Diamond, 1999; Huntington, 1991a), the first wave of democratization began in the 1820s and continued for almost a century. During this period, 29 Western countries became democratic. However, a reverse wave took many countries into authoritarianism, including Italy, Germany, and Spain. By 1942, the number of democratic states worldwide was only twelve. The triumph of the Allies over the German-led Axis powers in World War II started a new wave of democratization that climbed to its highest point in 1962 with 36 nations administered democratically. After World War II, decolonization gained momentum. Between 1945 and 1975, 75 new countries emerged as independent states (Westad, 2012, p. 18). Whether they sustained or not, these newly independent countries embraced a market economy and a Western political system of government. To promote the third world's "economic growth and political democracy", America established two modernization projects and disbursed 12 billion dollars (Latham, 2011, p. 56). After the

communist revolution in China (1949), the Truman and Eisenhower administrations used these aids against Moscow since the decolonized world was a crucial battlefield in the global Cold War. During the 1950s and 1990s, the United States was a key promoter of democratization with its affluent wealth. Without hesitation, Huntington forecasts that the will and capabilities of the USA will determine the future of democracy. He asserts that if the United States becomes a 'fading power,' "the worldwide appeal of democracy will diminish" (Huntington, 1991b, pp. 15-16). So, the two marked arguments of Lipset (1959, p. 86) that capitalism "created the burgher class whose existence was a necessary condition for democracy" and "Protestantism on individual responsibility furthered the emergence of democratic values"- have no natural ground to the expansion of democracy, even in Europe.

There is also a difference in origin; modern capitalism emerged in Great Britain as the product of free enterprise (e.g., the Industrial Revolution), while the liberal idea of democracy and people's sovereignty was instigated in France as a critical dream in the French Revolution. Capitalism can exist without democracy, but a crucial question is whether democracy can survive without a robust capitalist class. The fact is that, in this research, we could not find any example of modern democracy detached from capitalism. For example, the experiences of the nineteenth and first half of the twentieth century show that capitalism can perform without a representative government system. After the Second World War, authoritarian regimes of Southeast Asia (e.g., Taiwan, Hong Kong, Singapore, and South Korea) further confirmed the independent power of the capitalist enterprise. However, the long parallel history of market economy and democracy in Europe has tended to make us overlook this stable order in East and Southeast Asia and has manufactured the key idea of contemporary capitalist democracy: that capitalism and democracy are ideologically hanged together (Wagner, 2011, p. 13). Democracy is not a final product of capitalist culture; it is a direct product of a violent force. European colonial power exported 'modernity and democracy' towards the Third World through firepower. Anthropologist Talal Asad (1992) termed this process "the conscripts of civilization" in which all pre-capitalist societies were "destroyed and remade" by European masters (p. 333).

Nevertheless, capitalism and democracy are not connected either ideologically or characteristically. While capitalism tends to centralization of production and power (Ghosh, 1993, pp. 551-554), democracy claims institutional autonomy, free and fair election, freedom of the individual, and decentralization (Dahl, 1989, p. 221; Zakaria, 1997, p. 23). If democracy and capitalism are not ideologically co-related systems, why have they existed side by side for the last couple of centuries? The next part deals with this question.

Why Capitalism and Democracy Support Each Other

Theorists focusing on liberal democracy (i.e., Almond, 1991; Dahl, 1998; Vanberg, 2005; Kurki, 2014) believe that despite considerable differences, democracy and capitalism are closely related. Democracy eliminates capitalism's 'accumulated inequality', the rich-poor inequality. Democrats thwart the possibility of a proletariat/socialist revolution against the bourgeoisie. It seems that there is no ideological link between capitalism and

democracy. But it is just one side of the coin. The other side claims they are related to each other for their existence and prosperity. This relationship is far more power-centric than ideological. In the political arena, democracy speaks of the people's sovereign power. However, in reality, it is a system in which a few power elites, consisting of politicians, capitalists, and bureaucrats, make important decisions through an extreme dictatorship (Boggs, 2011; Wolf, 2023).

On the other hand, capitalism prefers democracy because it does not challenge capitalist exploitation and innovations in the name of private property rights. In a complex social and political system, only a market economy with safe property rights, the rule of law, and competition can preserve the freedom and independence of individuals necessary to maintain democracy (Bernholz, 2001, p. 13). Like democracy, world history suggests that capitalism has emerged through terrible bloodshed and violence in the local or global arena. But protracted conflicts cause more 'misfortune' than profit. That is why capital wants socio-cultural-political security; it wants two infallible tools close to the life and death of capital, those who will unconditionally support capital for their existence (Mueller, 1999).

Capitalists require effective government for the expansion and accumulation of capital. It considers democracy an 'efficient government' in modern society since the vote-based non-violent "competitive struggle for power and office" (Schumpeter, 1942, p. 282) is a practical means to produce a stable system. Schumpeter (1976) argues that in the 16th and 17th centuries, the capitalist process was like liquid water that could not take shape without democracy, a container for capitalism. Through the industrial and political revolutions during these centuries, capitalism broke not only the pre-capitalist framework of society but also destroyed barriers that impeded its progress. In a command economy, the state and government control all property, and everybody depends on the ruling elite for employment and livelihood. An independent press is nearly impossible for the same reasons since the state owns printing presses and paper. In such a system, it is unreasonable to think that the people can effectively oppose the government or government policy, even if it harms the people. In contrast, a market economy establishes a decentralized economic order and sufficient competition among politicians and different parties, in which people can find employment and earn their livelihood. It also provides adequate spaces for small farms, entrepreneurs, peasants, professionals, and wealthy groups. All of them can engage in political activities that significantly threaten an inefficient or oppressive government. The capitalist economic system can thus challenge the failed government or the government that is illiberal to the capitalist system and bring capitalist-friendly politicians to power. Capitalism binds all society to itself; individuals in this system are either entrepreneurs or laborers. If so, capitalism can overthrow or control any government system; why does capitalism particularly like democracy?

Confidence is essential to encourage innovation and capital investment. Rosenberg and Birdzell (1986, pp. 121–22) point out that merchants did not develop enough confidence in governments until the nineteenth century to invest in large immobile factories, bills of exchange, industry, ships, and railway and communication. The rise of democracy in the nineteenth century in the West ensured property rights, personal liberty, and the rule of law, some critical phenomena that further engined the rise of capitalism and democracy. Didi

Kuo (2018) has revealed how the growth of the business class and capitalism profoundly shaped the American and British democratic landscape and how the government and Parliament secured capitalist interests into the party and programmatic politics. We see a high correlation between wealth and political power during the 19th century and today. The ties between people in business/corporations and government/legislature are straight in developed and developing democracies. For example, the British Railway policy demonstrated the affiliation between business and politics. Railway companies began to lobby Parliament and defeated a provision in the Railways Act of 1844 to allow state purchasing of railways.

Table 3

Changes in Occupational Shares of Conservative and Liberal Party MPs

Profession/Sectors	Conservative 1868 (%)	Conservative 1910 (%)	Liberal 1868 (%)	Liberal 1910 (%)
Landowners	46	26	26	7
Industry and trade	31	51	50	66
Legal and professional	9	12	17	23

Source: Kuo (2018).

Through the 1830s and 1840s, ship and railway owners had gone to MPs and the Board of Trade. By 1852, ninety-nine MPs were railway directors, and many more were subscribers to new railway companies (Kuo, 2018, p. 119). Moreover, during this century, Parliament became increasingly burdened by private bills, providing clientelism and the state's resources to the capitalists. Kuo (2018) shows that, until 1870, Conservative and Liberal MPs tended to come from landowning, aristocratic families; they pursued patronage for their capitalist peers through the private bills that directed funds to local corporations. However, with time, the trends changed significantly; industrialists became influential political actors. By 1910, they captured both parties' half of seats in Parliament (Tabl-3).

By cutting the gap between the rich and poor, offering social safety net programs, and improving demos' living standards, capitalist development reduces social and political tension; in turn, it gives democratic stability. Within a democratic government, many people will demonstrate when dissatisfied but rarely try to revolt. A large autocratic state, with its millions of army soldiers, might be crippled over a night (e.g., Soviet Union), but even a tiny democratic state never faces violent unrest. This is one of the main reasons that capitalism supports democracy. The bourgeois approves democratic redistribution of wealth because the costs of suppression or the threat of mass revolution would be too high. "Class compromise", in other words, could uphold equilibrium (Iversen, 2006, p. 603). This way, democracy removes the threat that might otherwise abolish capitalist unequal economic order.

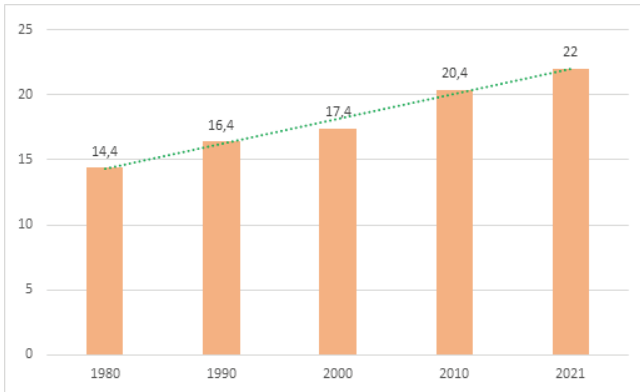


Figure 2. Social spending in OECD countries in GDP (%)

Source: OECD.Stat (Social Expenditure - Aggregated data), 2023

Figure 2 shows that democratic states of the OECD have increased social welfare spending as a percentage of gross domestic product (GDP) since 1980. Social spending increased gradually, from 14.5 percent in 1980 to 22 percent in 2021. To survive and avoid political unrest, over the decades, Western democratic countries have raised a larger share in welfare - either by higher taxes or by setting up more regulative actions. According to Peter Bernholz (2001, p. 9), this expenditure incites bad performance, less investment, less innovation, and thus lower growth rates. These, in turn, weaken the capitalist system. He predicted in 2001 that, because of the negative consequences of social spending, politicians would cut down the increasing load of higher taxes and regulations and understand that these policies are not worth following.

Around two decades have passed, and the OECD countries do not retreat from the provisions of transferring money to the 'have not' people. Even after that, the bourgeoisie accepted it and agreed to keep the existing governmental redistributive policies in motion. Otherwise, there is a fear that revolutionary violence will overthrow the capitalist-democratic system, as in the pre-capitalist feudal system in France or England in the seventeenth century. To maintain the current political-economic system, democracy, and capitalism hold onto a clear-cut understanding. This understanding makes a reciprocal relationship in which both get the guarantee of survival.

Before the Industrial Revolution, the bourgeoisie was subordinate to the feudal landed aristocracy. In social stratification, the bourgeoisie identified themselves as even lower than the clergy. Piketty (2014, p. 251) indicates that during the French Revolution, the aristocracy represented 1-2 percent of the population, the clergy less than 1 percent, and the 'Third Estate' (from peasantry to bourgeoisie), more than 97 percent. In the medieval period, as a rising group, they had enough power to mobilize people for their demands. To legitimize its power struggle, the bourgeoisie claimed themselves as a carrier of modernity and the representative of society. Undoubtedly, the middle class and even the poor supported them as the bourgeoisie raised their voice for cutting down the power of the King and unproductive lords. Pre-capitalist society confined social professions to three categories: peasants (serf), the Church, and soldiers of the land/warlord. Capitalistic enterprises offered business as another great professional opportunity in society.

Capitalist values and innovation also create new literature and modern medicine and rationalize behavior and ideas, a “new civilization” (Schumpeter, 1976, p. 125). Capitalist enterprises destroyed the old social-political structure and replaced their political order with democracy. They did this for their interest, not for the people. Except for democracy, no other political system could guard capitalist interests. Monarchy, feudalism, and the Church mutually created a power axis that was rigid and highly hierarchical. To break down this “power block” and to replace a friendly ruling system, the rising bourgeois had no option but democracy. Bourgeois chose democracy because in democracy “the executive of modern State is but a committee for managing the affairs of the whole bourgeoisie” (Marx & Engels, 1969, n. d.). Feudalism could not go on with popular participation and institutionalized group competition. This system followed a simple principle - landlords ruled; peasants obeyed. Competing or ‘haves and have-nots’ groups usually resolve their demands through violent conflict, not peaceful negotiations. Because one group’s victory means another’s total defeat, it is like a zero-some game. Thus, as an economic and social order, feudalism and monarchy inevitably created and maintained either tyranny or oligarchical ruling. Capitalism had no future in this system since the landlords enjoyed a wealth and political power monopoly.

Similarly, democracy cannot support a feudalist socio-economic structure because democracy calls for political equity. Feudalism is a closed system in which power, wealth, and honor are transferred through clan or kinship (Andrain, 1984; Schumpeter, 1976). Democracy, on the other hand, offers an open social and economic scheme in which an individual’s merit and innovation get the highest priority. However, with some exceptions, the bourgeois predominantly capture these opportunities. Democracy also legitimizes structural exploitation that fuels capitalism. Again, the bourgeois can easily establish an autonomous center of capital accumulation in democracy (Matin, 2012). That is why the capitalist class not only prefers democracy but also works to establish it.

Without exception, in democratic states, major economic sectors are controlled by private ownership (Andrain, 1984, pp. 652-664; Boggs, 2011, p. xi). Democracy does not prevent or does not try to control the open-market system. A value system, rather than a central plan, regulates economic exchanges. When capitalism falls into deep trouble (e.g., recession, labor unrest), democracy saves capitalism. Historical facts suggest that pumping state resources saved capitalism at least twice (in the 1930s and 2008). To fulfill the capitalist demand, democracy suppresses labor unrest like an evil empire. Between the 18th and 19th centuries, European and American democracies abolished dozens of trade movements. These events are often forgotten except for Chicago’s ‘Haymarket killing’ of May 1886, when police tried to abolish laborers’ just demands (e.g., security in the workplace, an eight-hour day) (Avrich, 1984). We remember the brutal event because of International Labor Day. Unlike democracy, no political system in our contemporary world or history supports capitalism in this drastic way.

Additionally, by allowing free mass media and satellite networks, democracy also promotes a ‘consumerist culture’ that is very necessary for capitalist expansion. Nevertheless, Mass media is strictly controlled by autocratic regimes. In a sentence, democracy is the safety bulb of capitalism. Modern liberal democracy is based on market systems and an explicitly designed private enterprise system. This argument is fortified

by Dahl's (1982) observation: "Democracy is and has always been closely allied with private ownership of the means of production [...] Even today in every country governed by polyarchy, the means of production are for the most part owned privately" (p. 108). In other words, no country where the means of production are controlled by the state [e.g., China, North Korea, and Vietnam] is governed by democracy.

Przeworski et al. (2000) argued that democracy exists when the defeated party in a particular electoral competition has enough chances to win in the future. It happens because waiting for the next election is more attractive than an arms struggle. Democracy establishes a stable economic and social order that ensures a more peaceful environment for the capitalist class to maximize profit. In this context, the 'invisible hand of capitalism' not only controls the market (demands and supplies) but also shapes the government's decisions. This is true for both metropolis (e.g., the USA, UK) and satellite capitalist states (e.g., Bangladesh). For example, in Bangladesh, there is no law for safety measures in the garment sector to prevent the causes of huge fire-killings. Though the garment sector is labor-intensive, no trade union is allowed to form in the mills. The Bangladesh government ensures the demands of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), an association of garment factory owners. Gallagher et al. (2004) provide examples showing that European democratic governments rarely generate marches for popular demands but rather for capitalist interest. Although the American Revolution established a republic, it allowed slavery and forced labor to continue for nearly a century and retained legal racial discrimination for almost two centuries (Piketty, 2014, p. 30). America maintained slavery only for capitalist interests. A similar feature exists in India, as an Indian writer comments: "We have a democracy only in name; the aspirations of the people do not matter, the people have no say either regarding their governance or even in matters affecting their lives, their employment, their education and health, their local development problems" (Ghosh, 1993, pp. 553-554).

Democrats provide institutional protection to the market economy. Wolfgang Streeck (2014a) argues that democratic interference has significantly advanced in recent decades but that trade unions are declining worldwide and have, in many countries, been all but rooted out. In Europe, key economic policies, including wage-setting and budget-making, are formed by supranational agencies like the European Commission and the European Central Bank (Streeck, 2014b, pp. 43-44). The Reserve System directly controls American economic policies. These policies openly protect capitalist interests as they continuously increase inequality within the state. For example, economic inequality in the OECD has increased for several decades. In December 2014, the wealthiest 10% of the population in the OECD area earned 9.5 times more than the poorest 10%. By contrast, in the 1980s, the ratio was 7:1, and the Gini measure increased by 3 points (OECD, 2014, p. 1). On the other hand, between 1986 and 2010, Bangladesh's Gini coefficient rose sharply from 0.25 to 0.32 (World Bank, 2013). The Gini coefficient data of Bangladesh (a periphery) and the OECD (a center) have proved that both worlds (north and south) are facing income inequality. It is not coincidental that both follow capitalist democracy. Perhaps democracy inherently supports capitalist exploitation that increases inequality. The top 1 percent of Americans captured 9 percent of the national income in 1970, which increased to 22 percent in 2019 (Acemoglu & Robinson, 2019, p. 480).

Piketty (2014, p. 257) reveals that the richest 10 percent controlled around 60 percent of the wealth in Europe, while the poorest 50 percent owned less than 5 percent. Every democratic country maintains almost the same scenario. According to the World Inequality Database (WID), every region, including Europe, America, and Africa, has extreme wealth and income distribution disparities. Figures 3 and Figure 4 depict that the bottom 50 percent owned only 5-10 percent of global income and wealth in 2021. In contrast, the top 10 percent hold 35-60 percent of the world’s income and 60-80 percent of the world’s wealth. Worse still, the wealth and income of the top 1 percent are 3-4 times that of the bottom 50 percent (Chancel & Piketty, 2021). WID database of 1800-2020 indicates the income of the bottom 50 percent was 14 percent in 1800, which decreased to 7 percent in 2020. On the other hand, in the last two hundred years, the wealth of the top 10 percent has increased from 50 percent to 60 percent (Chancel & Piketty, 2021).

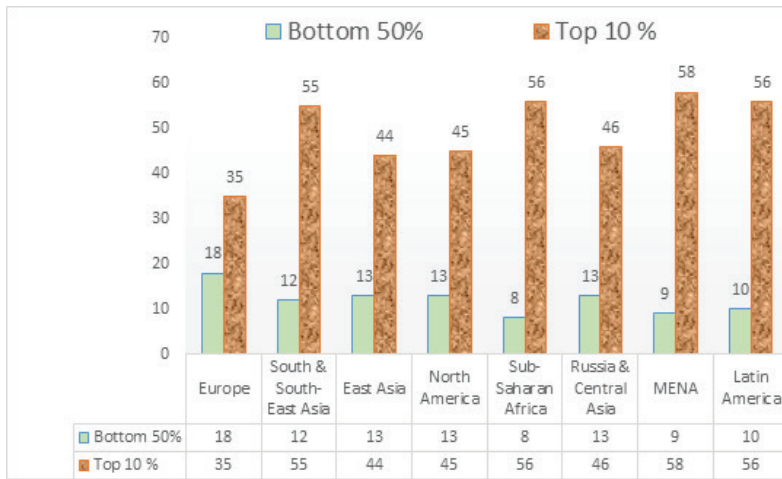


Figure 3. Bottom 50% and top 10% income shares across the world in 2021.

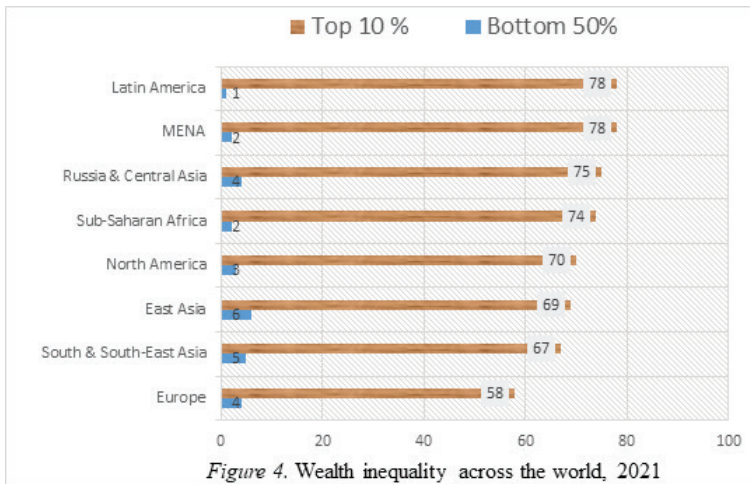


Figure 4. Wealth inequality across the world, 2021

Figure 4. Wealth inequality across the world, 2021
 Source: Made from World Inequality Report (2022).

Democracy continues to take no effective action against this discrimination through legal reform. Another lesson from this database is that democracy does not challenge capitalism but provides a political basis for capitalist development and sustainability.

Capitalism and democracy have mutually defended this discrimination for the last century. Democracy, with all its power, including state resources and arms forces, protects capitalist interests. The government, Parliament, banks, businesses, and all sources of information are controlled by capitalism. A dominant/center power must be maintained in a military-autocracy with a top-ranked military elite (e.g., Pakistan, Bangladesh in the 1970s and 1980s), in a theocracy with a religious leader (e. g., Iran after the Islamic revolution) and a socialist state with a communist leader (e. g. China, USSR). Only democracy exists where capitalists might be a central force of the state. This is the main reason that answers the question of why capitalism supports democracy. It also reveals the cause of the co-existence of democracy and capitalism. By contrast, democracy supports capitalism only for survival. Democracy itself is a fragile institution, according to Diamond (2008), that needs collective support. Unfortunately, like people's sovereignty, collective support is elusive and uncertain. People or demos are often vague, opportunist, and powerless; Democracy claims strong and definite group support to eliminate counter threat or 'revolution'. Capitalism, more precisely bourgeois, provides this support for democracy. Yes, without democracy, capitalism can survive, but in such a situation, the bourgeois is not the central force and feel a threat from the autocratic ruler (e.g., Japan and Germany before the Second World War, Hong Kong, Singapore, Malaysia, and Hungary in the contemporary world). *Freedom House Report (2023)* has categorized Hong Kong, Singapore, Malaysia, and Hungary as partly free; however, they have well-performing and flourishing capitalism.

A free market is necessary for democracy because economic freedom is inextricably linked to freedom of expression, association, and political movement. Friedman (1962, p. 10) and Lindblom (2001, p. 11) claim that capitalism can also develop in authoritarian political systems. Theoretically, there can be both 'capitalist democracy' and 'capitalist dictatorship'; but what is theoretically and practically impossible is socialist democracy or capitalist socialism. Socialism must suppress economic freedom and balance markets and supply-demand chains through central planning and command. This is neither conducive to capitalism nor democracy because socialism wants to coordinate and control the economy and politics with one hand without giving any separate space. As Beetham (1993) suggests that "socialism necessarily unites the two, by making economic coordination subject to a single political hierarchy" (p. 189). Simply put, centralized or autocratic political order concurs with a command economy, while competitive political culture constructs a coherent whole with inclusive economic institutions by creating a virtuous circle (Acemoglu & Robinson, 2012). Recognition of political choice or free competition in politics can undermine financial regulation or firm market management, and leaving the economy to the market can give rise to new political authorities. According to Friedman (1962), in capitalism, the market greatly reduces the scope of decision-making by political regimes in the economic sphere; "by removing the organization of economic activity from the control of political authority, the market eliminates this source of coercive power" (p. 15). Capitalists enjoy financial security in democracies as

the political authorities in democracies follow the principle of separation of economic and political spheres. Capitalism may thrive in dictatorships, but capitalists never find comfort in this oppressive political system since political repression or the ruler's agenda can extend to the economy anytime. As North and his colleagues write, a non-market economy limits competition in politics and the economy by negating free access of individuals to economic resources and organizations (North et al., 2009). Capitalists may be able to guard their financial autonomy against the governing elites both in democracy and dictatorship (Acemoglu & Robinson, 2012; Coyne, 2007). However, a pledge of despotism is more uncertain than that of democracy because a dictator's commitment depends on his/her personal decisions, while in democracies, commitment to market freedom relies on the impersonal mechanism of political competition (e.g., electoral politics of elites) and voters (Acemoglu, 2008; Gedeon, 2018).

In a democratic regime, political institutions are standardized, and the principle of separation of powers limits government control. Consequently, the autonomy of the market is not determined by the attitude, behavior, or change of a political leader; instead, it is directed by the rule of law. Dictators are above the law in despotism, whereas in a democracy, executive power is limited by the rule of law. Thus, authoritarian governments may differ significantly from democracies regarding preferences, incentives, reliance on market freedoms, and property rights (Clague et al., 1996, p. 246). In a dictatorship, capitalists can use their various business mechanisms to form a mutual relationship with the power elite.

Nevertheless, capitalists are afraid or uncomfortable with dictatorship for two reasons. First, businesspeople in dictatorships, like democracies, do not find themselves in decision-making structures in government (such as parliaments). Second, as there is no free competition in the political sphere, market coordination is not done by an independent invisible hand: bureaucracy always exercises political power and can be able to constrain and distort economic competition. In capitalism, as in all previous societies, minority domination has been inevitable because of the monopoly of the legitimation of violence, social relations, and modes of production. Robert Michels termed this minority domination an 'iron law of oligarchy'. Democracy is no exception. Like all exploiting systems, it maintains social stratification- vertical relationships of superior to subordinate, employer to employee, man to woman, white to black- all structural discrimination in the name of social bonding. Historical experience suggests that democracy has competing values: firstly, it claims people's sovereignty and popular participation; secondly, and reversely, it swipes away people from the power center. Democracy contains not only economic inequality but also maintains political inequality. Dahl (1989) recognizes that significant inequalities in power have been a universal feature of human relationships throughout recorded history and even in the modern world, "they exist today in all democratic systems...in democratic countries, citizens are far from equal in their political resource and their influence over the policies and conduct of the government of the state" (p. 271).

By 1880, the parliamentary form of government (democracy) had been established in all European countries except Russia (McMenamin, 2004). Surprisingly, very few people had the right to vote. Bowles and Gintis (1986, p. 43) found that in England, about 4 percent of the adult population could vote in 1832, and the right increased to only

about 8 percent after the reforms of 1867. Even in 1911, less than 30 percent of the adult population of the United Kingdom could vote. The situation of voting rights in Germany and France was much bleaker. In Germany, until 1918, the workers were denied economic and political rights (Lipset, 1960, p. 73). Twenty percent of the USA's population was enslaved in 1800. Thomas Piketty (2014, p. 159) shows that among five million of the total population, enslaved people were 1 million. In the Southern part, the white and enslaved ratio was 60: 40. It was a great tragedy that though enslaved people in America represented the equivalent of 60 percent of national income, they were not considered citizens (Piketty, 2014, p. 162). In the colonial world, the practice of democracy was utterly limited. In the mid-twentieth century, only 4 percent of the adult male population could vote in India (Jalal, 1994). This political characteristic of modern democracy is like ancient Greece's democracy in which two-thirds of the people were slaves, and an upper class gathered for democratic rule. These examples clearly show that democracy works for a particular class, and they are capitalist. It is a system in which citizens are left (equally) free to become politically unequal. The democratic system is marked not by equity, active participation by the inhabitants, and something like people's consent but by political discrimination and extreme apathy of the majority — by the minority rule.

Conclusion

The nexus of market economy and democracy enormously influences our contemporary world and politico-economic order. Capitalism and democracy were reciprocally causal historically and mutually benefited, although they are not ideologically tied. Capitalism needs hierarchy, inequality, and the centralization of production to ensure the bulk of production and high profit. By contrast, democracy promises to establish political equity and a decentralized governing order. They have just one similarity: both are established by force. In the medieval period, capitalism used 'democratic appeal' for socio-political reconstruction. Now, capitalism supports democracy for political stability that can ensure capital accumulation. The bourgeoisie is not threatened by democracy, but rather enjoying a turnover. Piketty (2014, p.25) shows that income inequalities in the USA and Europe's wealthy countries have risen sharply with some stagnation. Japan, Britain, Germany, France- no other industrious country escapes from the "U-shaped curve" of income inequality. Democracy cannot be established and continued without capitalism. Arab countries do not have a democracy as they have no bourgeois, though their per capita income can be compared with Europe (Diamond, 2010, pp. 95-104). Capitalists are the savior of democracy; they are the vanguard of democracy. This mutual interest or 'reciprocity' makes an inevitable link between democracy and capitalism. Like monarchy and feudalism in the medieval period, democracy and capitalism created a power block in the modern world. Capitalistic dominance offers the expansion of democracy; establishing democracy ensures capitalist demands. Reversely, failures of capitalism will be the cause of democratic downfalls. Capitalism is an essential condition for democracy, and democracy is associated with capitalist prosperity. Capitalism requires democracy for its survival guarantee, while democracy needs capitalists' support to wipe out all other political systems. Their relationship is not natural but reciprocal.

So, what explains the co-existence of capitalism and democracy? Democracy prefers

capitalism as an economic system because it recognizes free, fair, and competitive elections and freedom of political choice, which are essential for the birth and growth of democratic politicians. Command economies deny freedom of political choice and necessarily lead to the centralization of political power. Consequently, the command economy is anti-democratic. On the other hand, socialism and dictatorship are reluctant to allow liberal economic policies or a free market; rather, they maintain a planned economy based on bureaucratic control over demand and supply. In other words, in a non-democratic system, capitalists do not have the freedom to accumulate wealth/capital in their hands. As a result, capitalists, by and large, oppose socialism and theocracy. On the contrary, capitalists get unlimited freedom to accumulate wealth in a democracy, which is not available in other political systems. In a democratic system, capitalists can become political leaders and control state policy. Again, capitalists can get policy support from political leaders by bearing election expenses. Capitalists have minimal opportunities to exercise political power in other political systems.

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