

SECTION – 4

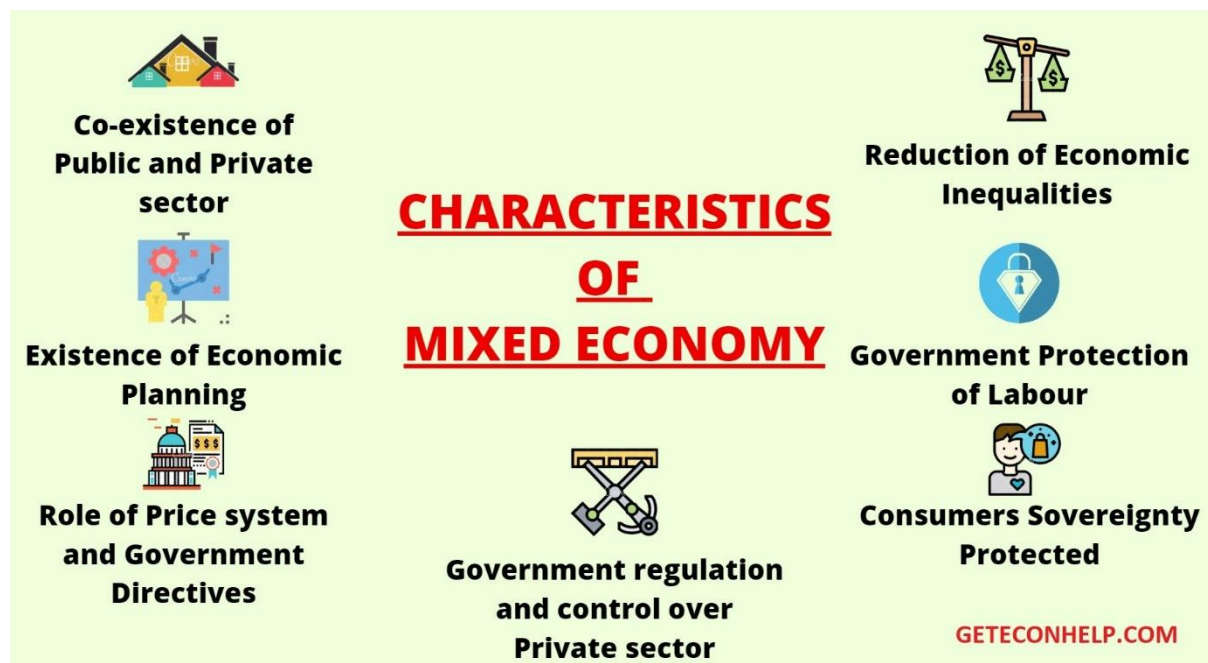
QUESTION-2.

ANSWER:-

Mixed Economy:-

A mixed economy is variously defined as an economic system blending elements of market economies with elements of planned economies, free markets with state interventionism, or private enterprise with public enterprise. As such, there is no single definition of a mixed economy.

Most modern economies feature a synthesis of two or more economic systems, with economies falling at some point along a continuum. The public sector works alongside the private sector, but may compete for the same limited resources. Mixed economic systems do not block the private sector from profit-seeking, but do regulate business and may nationalize industries that provide a public good. For example, the United States is a mixed economy, as it leaves ownership of the means of production in mostly private hands but incorporates elements such as subsidies for agriculture, regulation on manufacturing, and partial or full public ownership of some industries like letter delivery and national defense. In fact, all known historical and modern economies fall somewhere on the continuum of mixed economies. Both pure socialism and pure free markets represent theoretical constructs only.



Socialist Economy:-

Socialist means the system under which economic system is controlled and regulated by the government so as to ensure welfare and equal opportunity to the people in a society.

The idea of socialism is first introduced by Karl Marx and Fredric Engles in their book, 'The Communist Manifesto'.

Main Features of Socialist Economy:

The main features of socialist economy are as follows:

- (i) Collective Ownership:
- (ii) Economic, Social and Political Equality:
- (iii) Economic Planning:
- (iv) No Competition:
- (v) Positive Role of **Government**:
- (vi) Work and Wages According to Ability and Needs:

(i) Collective Ownership:

In socialism, all means of production are owned by the community, i.e., Government, and no individual can hold private property beyond certain limit. Therefore, it is government who utilises these resources in the interest of social welfare.

(ii) Economic, Social and Political Equality:

Under socialism, there is almost equality between rich and poor. There is no problem of class struggle.

(iii) Economic Planning:

Under socialism, government fixes certain objectives. In order to achieve these objectives, government adopts economic planning. All types of decisions regarding the central problems of an economy are taken in the economic plans. There is a Central Planning Authority, who plans for the economy.

(iv) No Competition:

Unlike capitalistic economy, there is no cut throat competition. It means lack of competition as state is the sole entrepreneur.

(v) Positive Role of Government:

In socialism, government plays significant role in decision making. Thus, government has complete control over economic activities like distribution, exchange, consumption, investment and foreign trade etc.