

PRINCIPLES OF ECONOMICS

B. Com Hons Part-I

TOPIC -

A comparative study of Capitalism,
Socialism & Mixed Economics

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* A comparative study of Capitalism, Socialism and mixed economies.

- ① Capitalism is an economic system under which all the means of production are privately owned whereas in socialism means of production are owned by the government whereas in mixed economy is a mixture of both socialism and capitalism economy.
- ② Capitalistic order of society possess economic freedom, In socialism there is no private enterprises so it is initiated and conducted by the state whereas in mixed economy it is allowed but it is controlled and regulated by the state.
- ③ Under capitalism no controlled planning (absent), central planning is the essence of socialism whereas in mixed economy central planning is partly operated.
- ④ Under capitalism perfect competition is the main characteristic of the economy, In socialism perfect competition is absent whereas mixed economy competition is controlled and regulated.
- ⑤ Capitalism - Profit motive, Socialism - social welfare whereas Mixed economy Production process is carried on for the profit.

notion of economy as a whole.

- ⑥ Capitalism - class conflict arise due to inequalities in income, Socialism - classless society where the distinction between rich and poor has completely disappeared. whereas class conflict are apparent to a limited extent.
- ⑦ Capitalism - Everybody has a right to acquire private property, socialism - Believe in the abolition of private ownership whereas in mixed economy - private ownership is limited.
- ⑧ Capitalism - work on its own through price mechanism, socialism - it is not autonomous because price mechanism is regulated by central authority whereas in mixed economy - functions through both price mechanism and central authority.