

SOCIALISM

The demerits of capitalism has given the birth to socialism. Socialism has started as a reaction the industrial revolution took up in western European countries where rich people become very rich and rest become poorer. It result in exploitation of labour, women and children by the capitalist. All capitalist failed to maintain economic stability that results in large unemployment and hardship to millions of people. The poor wants social justice. Then the concept of socialism comes and creates just and social order.

According to the Dickenson

“Socialism is an economic organisation of society in which the material means of production are owned by whole community and operated by organs representative of, and responsible to , the community according to a general plan ,all members of community be entitled to benefit from result of such socialize planned production on the basis of equal rights.”

In simple words socialism implies social ownership of means of production. And also it implies equality of income and equality of opportunity for all. Socialism does not mean that all productive resources should be owned by the state only. the major instrument of production should be under the state control so that economy is run for social benefit rather than private profit.

Socialism is based on equality and social justice.

Authoritarian Socialism

There are two type of socialism authoritarian socialism and liberal socialism.

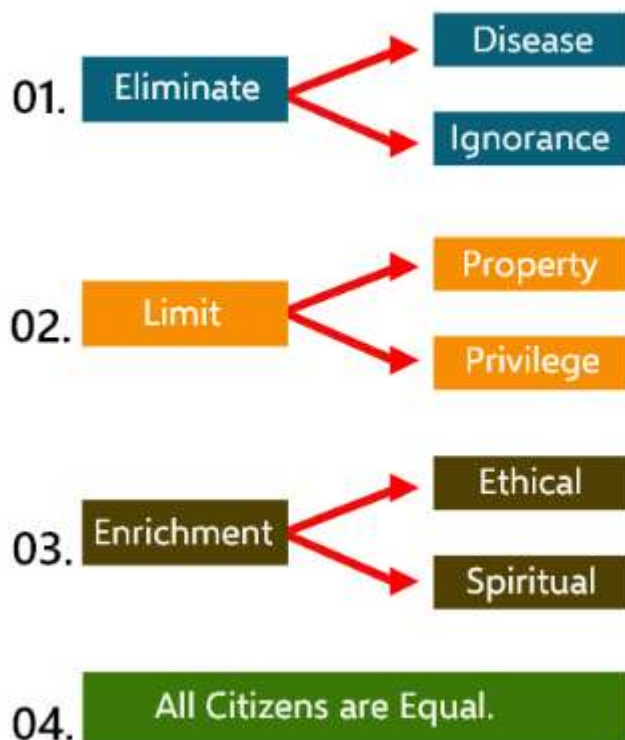
in authoritarian socialism state ownership cover all the means of production and allocates them by planning for the production of various goods. Under this system consumer has no sovereignty of consumer not any freedom for labour to organise themselves. What to produce how to produce and how is output to be distributed how much is to be invested for economic development all these decisions are made by the government.

This authoritarian socialist is generally called communism which is prevalent in Russia and China.

liberal socialism

On the other hand, liberal socialism, the government takes up the ownership of the means of production but the price system or market mechanism is retained. The consumer are given the choice of consumption. the manager of factories appointed by the government to produce commodity considering the consumer's demand and the price of the factor supplied by the government.

Objectives of Socialism



MERITS OF SOCIALISM

There are numerous advantages of socialism ideologies in society.

Prof. Schumpeter stated many arguments to support socialism.

1. Greater productive efficiency
2. Social security and welfare
3. Absence of monopolistic practices
4. Absence of business fluctuations.
5. Better allocation of resources
6. Rapid economic growth

Greater productive efficiency: Economic efficiency under socialism is more than under capitalism. The means of production are controlled and regulated by the central planning authority towards chosen ends. The central planning authority makes thorough survey of resources and utilises them in the most effectual manner. Increased productivity is protected by evading the wastes of competition and by undertaking expensive research and production processes in a synchronised manner. Economic efficiency is also attained by utilising resources in producing socially useful goods and services which satisfy the basic wants of the people, like cheap food, cloth, and housing.

2. Social security and welfare: In a socialist economy, disparity of income is less as compare to capitalist economy. All people work for the welfare of the state and each is paid his salary according to his ability, education and training. All rents, interests and profits from various sources go to the state which spends them for public welfare in providing free education, cheap and congenial housing, free public health amenities, and social security to the people.

3. Absence of Monopolistic Practices: Since under socialism, all means of production are owned by the state, both competition and domination are disregarded. The misuse by the monopolistic is absent. Instead of private monopoly, there is the state monopoly of the productive system but this is operated for the welfare of the

people. In the state-owned factories, socially useful commodities are produced which are of high quality and are also reasonably assessed.

4. **Absence of Business Fluctuations:** A socialist economy, there is economic stability because production and consumption of goods and services are regulated by the central planning authority in accordance with the objectives, targets and priorities of the plan. Therefore, there is neither overproduction nor joblessness.

5. **Better allocation of resources:** Since all the resources are under the control of government, the government may plan in the better way of all the resources so that their optimum utilisation can be made.

6. **Rapid economic growth:** Since economic growth is not left in the hand of few private enterprises, and government has possession on all the resources it can control the growth as per the need of country.

Demerits of Socialism

Socialist economy is certainly better than capitalist economy. But it is disliked for the loss of political, economic and personal autonomies.

1. **Loss of Consumer's Sovereignty:** Here consumer is not the king. Consumers do not have the liberty to buy whatever commodities they want. They can consume only those commodities which are available in department stores. Often the quantities which they can buy are fixed by the state.

2. **No Freedom of Occupation:** Consumers do not have freedom of choosing profession in such a society. Every person is provided job by the state. But he cannot leave or change it. Even the place of work is allotted by the state. All occupational movements are authorized by the state.

3. **Misallocation of Resources:** Under socialism, there is random allocation of resources. The central planning authority often commits

mistakes in resource allocation because the entire work is done on trial and error basis.

4. **Insufficient resources:** government cannot raise such huge amount of capital which are necessary for efficient running of all kind of business.

5. **Bureaucratic:** A socialist economy is a bureaucratic economy. It is operated like a machine. So it does not offer the necessary initiative to the people to work hard. People work under pressure and fear of higher authorities and not for any personal gain or self-interest.

6. **Lack of incentive:** Since in this type of system self interest is eliminated, people will not give their best that's why the profitability will not as much as in case of capitalism.

7. **lack of economic freedom:** freedom of choice of occupation is lost due to which worker cannot change their occupation without taking permission from planning authority.

There is no uncertainty that a socialist economy is better than a capitalist economy because of its awesome merits. But it is disliked for the loss of political, economic and personal autonomies.