Economy system command

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Compare and contrast the economic system between a country practicing a mixed economy and one practicing a command economy.

An economic system is particular set of social institutions which deals with the production, distribution and consumption of goods and services in particular society. The economic system is composed of people and institutions, including their relationship to productive resources, such as through the convention of property. In a given economy, it is the systematic means by which problems of economic are addressed, such as the economic problem of scarcity through allocation of finite productive resources.

Examples of contemporary economic systems include capitalist systems, socialist systems, and mixed economies. An economic system is the economics category that includes the study of respective systems. The fundamental economic problem in any society is to provide a set of rules for allocating resources and/or consumption among individuals who can't satisfy their wants, given limited resources.

In every nation, no matter what the form of government, what the type of economic system, who controls the government, or how rich or poor the country is three basics economic question must be answered they are:

What and how much will be produced *?* Literally, billions of different outputs could be produced with society's scarce resources. Some mechanism must exist that differentiates between products to be produced and others that remain as either unexploited inventions or as individuals' unfulfilled desires.

How will it be produced *?* There are many ways to produce a desired item. It may be possible to use more labor and less capital, or vice versa. It may be possible to use more unskilled labor to substitute for fewer units of skilled labor. Choices must be made about the particular input mix, the way the inputs should be organized, how they are brought together, and where the production is to take place.

For whom will it be produced *?* Once a commodity is produced, some mechanism must exist that distributes finished products to the ultimate consumers of the product. The mechanism of distribution for these commodities differs by economic system.

An economic is a set method and standards brought by which a society decides and organizes the ownership and allocation of economic resources. At one extreme, production is carried in a private enterprise system such as that all resources. At one extreme, production is carried in a private enterprise system such that all resources are privately owned.

It was described by Adam Smith as frequently promoting a social interest, although only a private interest, although only private interest was intended. At the extreme, following Karl Marx and Vladimir Lenin is what is commonly called a pure-communist system, such that all resources are publicly owned with intent of minimizing inequalities of wealth among other social objectives.

Alternatively, 'economic system' refers to the organizational arrangements and process through which a society makes its production and consumption decisions. In creating and modifying its economic system, each society chooses among alternative objectives and alternative decision modes. Many objectives may be seen as desirable, like efficiency, growth, liberty, and equality.

Countries have scarce resources. The economic systems of countries are designed to allocate those resources, through a production system, to provide output for their citizens. The fundamental questions that these systems answer are, what and how much will be produced *?* How will it be produced *?* For whom will it be produced?

Market economies leave the answers to these questions to the determination of the forces of supply and demand while command economies use a central planning agency to direct the activities of the economy. Pure capitalist economies are market economies in which the role of government is to ensure that the ownership of the resources used in production are privately held.

Socialist economies are primarily command economies where most non-human resources are owned by the state but human capital is owned by the individual. Communist economies are also command economies but all resources, both human and non-human, are owned by the state.

In practice, all economies are actually mixed economies, incorporating some facets of both market and command economies. The relative importance of the particular economic system in the country is the determinant of the type of economic system that it is generally considered to be.

An economic system which is mixed economic is a mixed between socialism and capital ism. Its is hodgepodge of freedom and regulations, contently because of the lack of principles involved. A mixed economy is a sign of intellectual chaos. It is the lack of principles involved. It is the attempt to gain the advantages of freedom with out government having to give up its power. A mixed economy is always in flux. Its never produce positive results, because people have to act against their own interests.

When particular policy fails, it is propped up by other regulations in the hopes that more control will produce better results. Sometimes the results have destructive, so they should remove or the people must be oppressed to make them accept it. Nowadays, most economies are known as mixed economies because, in reality, both market and state play a substantial role in them. Definition mixed market an economy where economic decisions are made partly by the government and partly through the market.

The mixed economy liked Malaysia, because the problem of both the purely market and the purely command economies, all real world economies are a mixture of the two system. In mixed economy, the government may control the following relative prices of goods and inputs, by taxing or subsiding them or direct price controls. Relative income, by the use of income taxes, welfare payments or direct controls over wages, profit, rents. In additional, the pattern of producing and consumption, by the use of legislation example making it illegal to produce unsafe goods, by direct provision of good and service (example education and defense), by taxes and subsidies or by nationalization.

And the last, the macroeconomic problems of unemployment, inflation, lack of growth and balance of payments deficits by the use of taxes and government expenditure, the control of the bank lending and interest rates the controls of prices and the control of the foreign exchange rate. Definition for relative price is the price of one good compared with another. Government intervention in the market can be used to achieve various economic objectives.

Government can rectify various failing of the market. Governments, however, are not perfect, and the actions may bring adverse as well beneficial consequences. People in country practice mixed economy have a right to have own thing but must follow the rules. Different from planed economy or command economy, command economy must follow the rules.

This is mean all people don't have a right to choose what the want and government have power to keep the own thing. Like I said their cannot keep their own interest because government is the main power in the command economy.

Definition for command economy is an economy where all economic decision are taken by the central authorities. The command economy is usually associated with a socialist or communist economics system, where the land and capital are collectively owned. The state plans the allocation of resources at three important levels. First important level is it plan allocation of resources between current consumption and investment for the future.

By sacrificing some present consumption and diverting resources into investment, it could increase the economy growth rate. The amount of resources it chooses to devote to investment will depend on its broad macroeconomic strategy the important it attaches to growth as opposed to current consumption.

At a microeconomic level, it plans the output of each industry and firm, the techniques that will be used, and the labour and other resources required by each by industry and firm. In order to ensure that required inputs are available, the state would probably conduct some form of inputs output analysis. All industries are seen as users of inputs from other industries and as producer of output for consumer or other industries.

For example, the steel industry uses inputs from the coal and iron-ore industries and produces output for the vechicle and construction industries. Input-output analysis shows, for each industry, the sources of all its inputs and the destination of all its output. By using such analysis shows the state attempt to match up the inputs and output of each industry's so that the planned demand for each industry product is equal to its planned supply.

Last for the state plans the allocation of resources at important level is it plans the distribution of output between consumers. This will depend on the overnment's aims. It may distribute goods according to its judgement of people's needs or it may give more to those who produce more, thereby providing an incentive for people to work harder. It may distribute goods and service directly (for example, by a system of rationing); or it may decide the distribution of money incomes and allow individuals to decide how to spend them.

If it does the latter, it may still seek to influence the pattern of expenditure by setting appropriate prices like low prices to encourage consumption, and high prices to discourage consumption. Central planning has some potential advantages over a free market economy. Instead of having to rely on the decisions of million of individuals decision that will not always be interests of society as a whole, the government could take an overall view of the economy. It could direct the nation's resources in accordance with specific national goals.

High growth rates could be achieved if the government directed large amounts of resource into investment. Unemployment could be largely avoided if the government carefully planned the allocation of labour in accordance with production requirement and labour skills. National income could be distributed more equally or in accordance with need. The social repercussions of production and consumption could be taken into account, provided the government was able to predict these effects and chose to take them into account.

In practice, command economy could achieve these goals only at considerable social and economic cost. The reason are as follow:

The larger and more complex the economy, the greater the task of collecting and analysis the information essential to planning, and the more complex the plan complicated plans are likely to be costly to administer and involve cumbersome bureaucracy.

If there is no system of prices, or if prices are set arbitrarily by the state, planning is likely to involve the inefficient use of resources. It is difficult to asses the relative efficiency of two alternative techniques that use different inputs, if there is no way in which the value of those input can be ascertained. For example, how can a rational decision be made between an oil fired and coal fired furnace if the prices of oil and coal do not reflect their relative scarcity.

It is difficult to deceive appropriate incentive to encourage workers and managers to be more productive without a reduction in quality. For example, if bonuses are given according to the quantity of good output produced, a factory might produce a larger quantity of output produced, a factory might produce shody goods, since it can probably produce a large quantity of goods by cutting quality. To avoid this problem, a large number of officials may have to be employed to check quality.

Complete state control over resource allocation would involve a considerable loss of individual liberty. Workers would have no choice where to work, consumer would have choice what to buy.

The government might enforce its plan even if they were unpopular. If production is planned, but consumer are free to spend money incomes as they wish, then the government has the problem of avoiding shortages and surpluses, should consumer wishes change. A planned conomy is an ecnmic system in which the state or government manages the economy.

Its most extensive form is referred to as a command economy, centrally planned economy, or command and control economy. In such economies, the state or government controls all major sector of the economy and formulates all decision about their use and about the distribution of income.

Important planned economies that existed in the past include the economy o the soviet Union, whichwas for time the worlds second largest economy, china during its great leap forward, and India prior to its economic reform in 1991.

Beginning in the 1980s and 1990s, many government presiding over planned economies began deregulating (or economies as in the Soviet Union, the system collapsed) and moving toward market- based economies by allowing the private sector to make the pricing, production, and distribution, and distribution decisions. Although most economies today are market economies or mixed economies, planned economies exist in some countries such as Cuba, North Korea and Myanmar.

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