

Capitalism, socialism, and mixed economies essay sample



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Throughout this class we have discussed many different topics but capitalism, socialism, and mixed economies made me want to get a better understanding of the three. Comparing and contrasting each of their strengths and weaknesses would be the ultimate goal. As researching deeper into each of these topics, capitalism, socialism, and mixed economies they all have many different strengths and weaknesses.

Capitalism is “ an economic system based on private ownership of wealth, which is invested and reinvested in order to produce profit” (BOOK). When in a capitalist economy, it is described as the means of production are distributed to the private persons and that the market functioning determines the production and the pricing of the goods and services (Oak, Manali). There are many different strengths that go along with capitalism, such as, capitalism has an open competition in the market which leads to more and more economic growth. Another strength of capitalism is where the consumers regulate the market in giving a rise to the economy. This is considered by many people to be the greatest strength of a capitalist economy.

Capitalism has its many strengths, but it also has its weakness also. One weakness of capitalism is some people believe that a capitalist economy can make it to be an unfair competition. (Oak, Manali). Also capitalism makes an economy that is all about money, they are allied money- oriented. This causes a major divide between the rich and the poor which causes controversy. Another weakness of capitalism is that the smaller businesses get taken over by the bigger businesses which leads back to the unfairness of competition.

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Socialism is considered to be a political and economic theory of social organization that advocates that the means of production, distribution, and exchange should be owned or regulated by the community as a whole. (Definition). Socialism in its truest sense means equality by all means. There are many strengths with socialism as there were with capitalism. One strength is a fair system. Socialism provides an equal distribution of national wealth and it provides every individual with the same equal opportunities, even if they are of a different skin color or if they are of different economic status. Socialism also improved the standard of living by raising the living standards of the poor to a similar level of the wealthy. Another strength is socialism reinforces the fact that all people were created equally and it was only through human actions that disparities arose (Pros and Cons).

Socialism has a few weaknesses as did capitalism. The first weakness that stood out to me was that it is said to be an "unreal theory". Today socialism is not seen in the same way as it used to be when it was advocated by Karl Marx and the other socialist of that time period. "The original form of socialism is neither preached nor practiced" (Pros and Cons). Another weakness of socialism has a negative influence on the growth of the economy. Socialism makes entrepreneurs have to pay higher taxes because they are not generating wealth. Also, socialism truly does not increase the standard of living because it is just lowering the income of the rich so that the divide between the rich and the poor will not be such a major gap. (Pros and Cons).

A mixed economy has many different definitions, but the one that covers the main idea is it an economy that combines elements of capitalism and <https://assignbuster.com/capitalism-socialism-and-mixed-economies-essay-sample/>

socialism, mixing some individual ownership and regulation. There are strengths of a mixed economy as well as socialism and capitalism. One advantage is that because a mixed economy deals with both the government and private enterprises that it has the advantage of taking the benefits of the capitalist nature of privately owned companies and the socialist nature of government. (LetsLearn). In mixed economies there is a more balanced economic growth than capitalism and socialism because there is less inequality. Another great strength of a mixed economy is that it allows all individuals to run their own business and make their own profits but at the same time it then places responsibly non the companies by getting them to contribute towards the welfare of the society. (LetsLearn).

Yet again there are also some disadvantages that go along with a mixed economy. One is that because of the welfare of the society is greatly important in a mixed economy it then leads to lower than optimum use of resources because the government mobilizes the resources to the making of the production of the goods and services. This is a weakness because it is more beneficial for the society as a whole and not for the economy. Another weakness of a mixed economy is that private enterprises are faced with a lot more difficulty because of many government loophold such as, favoritism and bureaucratic nature is not good in a mixed economy.

After looking very deeply into each of the topics I found some comprising and some contrasts between capitalism, socialism, and mixed economies. Socialism is basically that the government controls the means of production. Although, capitalism and mixed economy are really almost the same thing.

Both the economies are based on the free market but yet they are regulated <https://assignbuster.com/capitalism-socialism-and-mixed-economies-essay-sample/>

by the government, with progressive taxation and a social safety net.

Socialism has merely just failed over and over again every attempt has not succeeded. In contrast socialism is merely concerned with everyone being equal and having equal opportunities while on the other hand capitalism has no concerns what's so ever with equity.

The development of the global economy has affected capitalism, socialism, and mixed economies. First, many people are losing their jobs, more than 50 million to be exact that will lose their jobs this year. More and more people are filling for unemployment the official unemployment is at 8.9 percent. (World Socialist). Another way the economy has affected these systems is the new cuts in people's wages. Also people benefits from their jobs are being eliminated. (World Socialist).

The global economy has affected my life in many visible ways such as higher gas prices, rent and bills. Gas prices today are outrageously high compared to what they used to be. Now I spend at the minimum eighty dollars per week just to travel back and forth to school. Also, there are many less houses for rent in today's economy. Everyone is wanting to sell their homes and not rent them because of the hardships that come along with renting and people not being able to afford to buy a home the economy is decreasing. Another way the economy has affected my life is with bills, the prices of everything is going up, water, trash, cable, and power. Being a college student who lives on her own this is a major impact on my small budget.

In conclusion, the global economy really has a major impact on every individual's life. Capitalism, socialism, and a mixed economy has a great deal of importance when each are involved with the global economy. Each of these have many differences and similarities as learned throughout this class.