1. **Question: What is socialism? Discuss the features of socialism.**

**Answer**

**(For first part of Answer see the first part of Answer of Question No -8)**

**Features of socialism:**

1. **Public Ownership:** It has the public ownership of all the means of production and distribution. This is also known as collective ownership whereby all means are owned, controlled and regulated by the state. In socialist economic system the basic motive of government is not profit but targeted objectives.
2. **Planned Economy:** The state is responsible for planning all economic activities like production, exchange, distribution and consumption which have great importance in socialism. Since the laws of demand and supply do not really operate in this system, the country is more likely to incur speedy economic growth and since the state is solely responsible for the distribution of wealth, the society as a whole is expected to prosper.
3. **Classless Society:** In a capitalist economic system, there are different living standards like upper, middle and lower class. The structure of a capitalist society is determined through financial and economic position of members. However in a true socialist society, everyone is equal as far as economic status is concerned.
4. **The State is Responsible for Basic Needs:** There are fundamentally basic needs in life and such needs are promised by central authority i.e. state. Those needs are food, shelter, thing, health, education and employment. In this economic system stated needs will be provided without any discrimination.
5. **Socialism Provides Equal Opportunity:** Although there may not be a complete guarantee of income equality, socialism guarantees to provide equal opportunity. Every potential individual will take into account as per the skills, talent and ability which will determine their success. Thus, their economic rights are automatically protected by their duties and no one is deprived of their basic needs.
6. **Non-existence of Competition and Limited Choice of Consumer Products:** Under the socialist economic system there is absence of competition in the market. The state has full control over production of goods and services. Moreover since this system focuses on necessities in life, choice in consumer products is limited and only confined to the essentials.
7. **Pricing Mechanism:** The pricing process does not work freely but works under the control and regulation of the central planning authority. In a socialist economy, pricing is of vital importance. Two types of prices prevailing in this economic system include the market prices and the accounting prices. Market prices are for consumer goods, while accounting prices help managers to take decisions about production of consumer and investment goods as well as the methods of production.
8. **Definite objectivism:** The socialist economy usually operates within pre-defined objectives. These objectives are generally socio-economic. These objectives may have aggregate demand or satisfaction of a public need or also have full employment or a location of factors of production. Targets are prioritized and fixed to achieve these objectives which cover all the aspects of the economy. Since the socialist economy aims at a stable economy, it has to have proper goals defined so that it works in harmony with society
9. **Equal Income distribution:** Income distribution is one of the primary characteristics of a social economy as compared to the free market economy. There should be no private ownership in the production and distribution, which will prevent the private capital accumulation and distribute the profits equally with the people. This will also help to distribute the benefits evenly amongst the people and avoid capitalization and accumulation of immense wealth in the hands of a few people.
10. **Question: Define Socialism. Discuss different types of socialism.**

**Answer**

**(For first part of Answer see the first part of Answer of Question No -8)**

**Different types of socialism**

1. **Anarcho-socialism:** This is a form of socialism rejects the state, religion and ownership of property. It grew out of a philosophy of Mikhail Bakunin. Bakunin proposed that the means of production should be collectivized and workers paid according to their input. This is in contrast to Marxist Socialism which advocated a much greater role for the state in overseeing the means and products of labor.
2. **Utopian socialism:** Anarcho-socialism is a close relation to utopian socialism. In utopian socialism, adherents downplay the role of class warfare and argue people of all classes can voluntarily come together to promote socialist ideals of shared ownership and working for the common good.

Aspects of Utopian-socialism

* No state ownership of means of production
* Advocates co-operation between owners and workers.
* Local decentralization of decision-making process.
* Emphasis on considering common good rather than selfish ends

1. **State-Communism:** Under state communism (e.g. Marxist-Leninist), the Communist State gains control over the means of production and decides – what to produce? How to produce? and for whom? Examples include the Soviet Union and Eastern European states. Under state communism, there is a high degree of centralization with production targets set by central committees and local officials being responsible for meeting these targets.

Aspects of state communism

* Political control/censorship
* State ownership of all major industries
* Production decided by central committees
* Prices set by government committees
* Limited or no role for private enterprise and free-market forces

1. **Democratic socialism:** Democratic socialism differs from state communism in that the state is not all-powerful, and the political system remains democratic. Democratic socialism is associated with the Socialist parties of Western Europe. They generally propose a mixed economy – with state ownership of key industries, like coal, electricity, water and gas, but allow private enterprise to operate in the rest of the economy. Democratic socialism proposes a progressive tax system to redistribute wealth from the rich to the poor – through the provisions of a welfare stat

Aspects of Democratic socialism

* Advocates nationalisation of key industries (often the natural monopolies, like electricity, water)
* Prices set by the market mechanism, except public goods, such as health and education.
* Provision of a welfare state to provide income redistribution
* Support for trade unions in wage bargaining
* Use of minimum wages and universal income to raise low-income wages
* Progressive tax and provision of public services. For example, marginal income tax rates of 70%. Tax on wealth

1. **Libertarian socialism:** Libertarian socialism rejects a powerful state involved in the management of the economy and labour market relations. Instead, it prefers local collectives voluntarily coming together to promote socialist values of co-operations.
2. **Christian socialism:** Christian socialism aims to provide an ethical background to socialism. It gives a Christian motive to redistribution and offering public services such as health and education. It also retains political and economic liberty and avoids the excess of Communism.
3. **Question: Define socialism. Discuss the merits and demerits of socialism**

**Answer**

**(For first part of Answer see the first part of Answer of Question No -8)**

**Merits and Demerits of Socialism**

**Merits**

1. **Social Justice is Assured:** The chief merit of socialism is that it assures of social justice. Under socialism the inequalities of income are reduced to the minimum and the national income is more equitably and evenly distributed
2. **No Labour Exploitation:** There is only one class in a socialistic economy hence there is no question of exploitation. There are no concept of strikes and lock-outs. Everybody works in a well-knit family way.
3. **Rapid Economic Development:** The Central Planning Authority is the main figure in a socialist economy. It coordinates the natural, human and physical resources to attain economic progress of the country. In turn it accelerates the path of tremendous progress and people enjoy higher standard of living.
4. **Proper Utilization of Resources:** Under this economy, all types of natural resources are utilized in a most organized manner. Its main objective is to exploit these resources for the welfare of society.
5. **Production According to Basic Needs:** In this economy the production is directed to satisfy the basic needs of the people first. As far as possible, the production of food, clothing or building materials is guided by the basic needs of the people and is not according to the purchasing power of the rich section of the society. Therefore, the phenomenon of the poor going hungry while the rich feast cannot be seen in the socialist economy.
6. **No Wasteful Advertisement:** The government is virtually the owner of almost every sector. Hence, all the individual producers are also more according to the plan targets. Therefore, the competition among the producers is almost nil. Hence, very less money is spent on wasteful advertisement.
7. **Proper Planning:** In order to solve various problems, which arise from time to time, there is proper economic plan in this type of economy. Thus, with the help of economic plans socialist economy will adopt the balanced development strategy.
8. **No Cyclical Fluctuations:** under socialist economy, any cyclical fluctuations are found. It means economy faces no boom, depression, unemployment or over production etc. Economic stability is maintained by the government on the basis of economic planning.
9. **Social Welfare:** The aim of socialist economy is to maximize social welfare of the society. It provides equal opportunities of employment to all individual according to their abilities.
10. **Most Suitable to Developing Countries:** This type of economic system is most suitable to the needs of developing countries as all means of production are controlled by the government.

**Demerits**

Economists like Robbins, Maurice Dobb, Georg Halm etc. have criticized the socialist economy on the following grounds:

1. **Loss of Consumer Sovereignty:** A consumer has no choice of his own, he acts as a mere slave under this system. Government produces goods and services keeping in view the needs of the people.
2. **Less Democratic:** Socialist economy is always less democratic as it possesses no element of freedom. It is also like government dictatorship.
3. **No Automatic Functioning:** under this system, any automatic function in system exists at all. It is the Central Authority, i.e., government that governs the country according to its own interest.
4. **Evils of Bureaucracy:** In socialist economy, all economic activities are controlled by the government. Thus, they develop all evils of bureaucracy like favouritism, delay, corruption and other sue evils,
5. **Rigid Economy:** Socialist economy is very rigid and not susceptible to change according to requirements. Hence people work like a machine and never get any incentive to work.
6. **Burden on Government:** All the economic activities are performed by the Central Authority on behalf of the government. Hence, it is overburdened with daily activities and, therefore, it gets very less time to think and plan for the economic prosperity of the economy.
7. **Expenditure on Planning:** In fact, planning is a long process in a socialist economy. This expenditure is unnecessarily wasteful and a burden on the national economy.
8. **Too Much Power is concentrated in the State:** Under socialism the state is not merely a political authority but it also exercises unlimited authority in the economic sphere. In this, all power is concentrated in the state. It means the state is everything and individual nothing. He is reduced to a cypher. After all the human institutions are for man and not man for these institutions.

**Conclusion:**  
  
Whatever the difficulties of running a socialist economy, the appeal for socialism was great especially, in less developed countries. For over populated countries having national problems, socialism seemed to be the only hope of the masses. Free market economy in its pure form is a thing of the past. Mixed Capitalist Economy is already the order in all the western countries. In the Less Developed Asian Countries Government has not only to regulate economic activity but positively direct it by active participation for the fast development of the country. As for the difficulties, they exist and can be eliminated through co-operation between the administration and the people. As the country develops economic planning gets a stronghold and difficulties wear away.