**What is Socialism?**

**Socialism is a system in which every person in the community has an equal share of the various elements of production, distribution, and exchange of resources. Such a form of ownership is granted through a democratic system of governance. Socialism has also been demonstrated through a cooperative system in which each member of the society owns a share of communal resources.**

**Pros and cons of socialism:**

There are [different forms of socialism](https://www.economicshelp.org/blog/glossary/different-types-of-socialism/) but for this blog will use the form of democratic socialism advocated by Socialist parties in Western Europe. For example, Nordic countries where government spending is between 40-50% of GDP. This brand of socialism believes in:

* Redistribution of income and wealth through a progressive tax system and welfare state.
* Ownership of key public sector utilities, such as gas, electricity, water, railways.
* Private enterprise and private ownership of other industries.
* Free health care and free public education provided by direct taxation.
* Support for trade unions / minimum wages/labour market regulations to protect workers
* Government regulation of monopolies, housing market, environment. **Pros of socialism**
* **Reduction of relative poverty.** A welfare state which provides a minimum basic income for those who are unemployed, sick or unable to work maintains a basic living standard for the poorest in society and helps to reduce relative poverty.
* **Free health care.** Free health care at the point of use means everyone is entitled to basic health care. This increases the living standards of those who cannot afford to pay private doctors. By improving the nation’s health it also contributes towards increased labour productivity and higher economic growth in the long-term.
* **Diminishing marginal utility of income.** From a utilitarian perspective, a redistribution of income and opportunity from the very rich to the very poor can increase total utility [happiness] in society.
* **A more equal society is more cohesive**. A society which has equality of opportunity and limited inequality is likely to be more cohesive. If people perceive they live in a very unequal society – exploited by [monopsony](https://www.economicshelp.org/blog/4840/labour-markets/monopsony-exploitation/) employers and earning significantly less than their bosses, it can lead to frustration and resentment. If everyone feels they have a fair stake in society, it can help create a more harmonious society where workers are committed to the success of the firm which they work.
* **Socialist values encourage selflessness rather than selfishness.** Capitalism encourages attitudes to make profit – even if it is at the cost of other individuals or the environment. A socialist society does not pursue profit as its highest goal, but social cohesion and the common good.
* **Benefits of public ownership**. The benefit of public ownership is that companies can be run in the public interest rather than just for the benefit of shareholders. For example, industries like railways and water have significant externalities, which are ignored in a profit-oriented company. Public ownership of water and the railways allows the companies to target goals such as long-term investment, low prices for the consumer and improved safety.
* **Environment**. An economy which is regulated to work towards the long-term welfare will place a higher value on environmental concerns, such as limiting pollution – even if it lowers profit.
* **Reduced hidden taxes**. An economy with no public health care will have lower tax rates. However, individuals and firms will pay for health care in a different form. In the US both firms and individuals pay significant sums for private insurance. Therefore, although there is less tax, there is the ‘hidden’ tax of private health insurance.

**Cons of socialism**

* **Lack of incentives.** If an economy has high rates of [progressive taxation](https://www.economicshelp.org/macroeconomics/fiscal-policy/progressive-tax/), it could cause disincentives to work and setting up business. Entrepreneurs may feel that if the government is taking a high percentage of their profits, they would prefer not to take the risk or work abroad. In the modern world, it is easier for the super-rich to live abroad in tax havens and free-ride on others who pay tax. If tax rates are too high, they can be self-defeating and fail to significantly increase tax revenues.
* **Government failure**. In an ideal world, the government would be successful in regulating firms, labour markets and running public industries. However, government intervention is prone to [government failure](https://www.economicshelp.org/microessays/market-failure/government-failure/) and an inefficient allocation of resources. For example, labour market regulations such as high minimum wages or maximum working week could lead to unemployment and a lack of flexibility which firms need to deal with a sudden increase in demand. If firms are highly regulated, it is an extra cost which may discourage investment and lead to lower economic growth.
* **Welfare state can cause disincentives**. If a welfare state is too generous, it is argued it may create a disincentive to get a job and therefore it can reduce the labour force and individual effort.
* **Powerful unions can cause labour market antagonism**. Ideally, socialism aims at a more harmonious society. However, if the socialist policies are geared towards strengthening trade unions and aiming for perfect equality, it can lead to antagonistic labour relations with a ‘them and us’ mentality – workers against owners. This attitude can cause time lost to strikes and unproductive factories.
* **Rationing of health care**. In a publically-funded health care system like the UK, doctors usually face greater financial constraints, some non-urgent operations will be rationed and there are longer waiting lists than in a private system.
* **Difficult to remove subsidies/government benefits**. Milton Friedman argued that that “nothing was so permanent as a temporary government subsidy”. A good example is farming subsidies. In the late 1920s and 1930s, US agriculture was in crisis so the Federal government agreed to give temporary support.

**Advantages of Socialism**

**1. Absence of exploitation**

* A socialistic system ensures that no worker is exploited. How? Well, each of the workers in the community has a say on how the resources are managed, and each person receives and contributes based on an individual’s potential.
* According to the socialistic system, each person is guaranteed access to basic goods, even those who are not able to contribute. As a result, the system helps to minimize poverty levels in the society. In addition, each person has the same right to access [health care](https://www2.deloitte.com/global/en/pages/life-sciences-and-healthcare/articles/global-health-care-sector-outlook.html) and other important social aspects, such as education.
* **2. Rejection of discrimination**
* The system disapproves discrimination, and each person does what he is good at or what he enjoys best. If there are jobs that should be done and there is no one to perform them, a higher remuneration is provided. Natural resources are protected for posterity.
* **Disadvantages of Socialism**
* **1. Dependence on cooperative pooling**
* Perhaps the greatest disadvantage of a socialistic system is its reliance on cooperative pooling to get things done. In addition, people who are competitive in the community are viewed in a negative light. The society expects cooperation and not competitiveness. According to socialism, competitive individuals tend to find ways to cause social unrest for personal gain.
* **2. Lack of competitiveness and innovation**
* Socialism does not reward entrepreneurial ventures or competitiveness. Consequently, a socialistic system does not encourage innovation as much as capitalism.
* **Socialism vs. Capitalism**
* [Capitalism](https://corporatefinanceinstitute.com/resources/knowledge/economics/capitalism/), also known as a free market system, and socialism differ based on their rational underpinning. In addition, they also differ based on implied or stated goals, as well as the framework of ownership, and the production process.
* Structurally, a free market system and socialism can be distinguished based on rights to property, as well as control of the production process. Under a capitalistic economy, enterprises and private individuals control the means of production, together with all the profits. Under a socialistic structure, a central authority controls the resources used in the production process. Private property is unheard of, but where it exists, it is in the form of consumer products.
* While a capitalistic system is dependent on the decisions of independent persons who influence the production process, a socialistic structure controls the production process by regulating the market system
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**THE MAIN FEATLTRES OF GANDNIAN**

**DEVELOPMENT THEORY**

The body of Gandhian thought on development is as follows

i) the Gandhian philosophy of economic concepts that are related to

developineilt

ii) Gandhian principles of self-sufficiency

iii) the Ciandlnian theory of balanced grciwth

iv) the CiandhIan ducirine of tm~tcesbip

v) (;andhian iinodel of sustainable develoynient

vi) the Gandhian sarvodaya plan

vii) tiandhian concepts of austerity and abstinence Gandhi's economic philosophy was greatly influenced by Ruskin's Unto

This Last. From this book: he learnt:

(a) that the good of the individual is Theories of Development contained in the good of all;

(b) that a lawyer's work has the same value as the barber's, in as much as all have the same right to earn from their work; and,

(c) that a life of labour, i.e., the life of the tiller of the soil and the handicraftsman is the life worth living. Further, Gandhi was also inspired by the ideas of Thoreau, Tolstoy, and Kropotkin. Tolstoy's principles of simplicity, asceticism, and equalitarianism became a part of Gandhi's phlosophy. Besides, the Indian scriptures (the Bhagavad Gita, and the Upanishads) and Indian saints such as Kabir, Mira, and Guru Nanak, also left a deep impression on Gandhi.

Gandhi's ideas on economics are embedded in his philosophy of life. Gandhian economics differs from mainstream economics in the following manner

1) It replaces the assumption of the perfect mobility of labour with the assumption that community and family stability should have priority.

2) It rejects the more-is-always-better principle. It replaces the axiom of non-satiation with a principle of limits, the recognition that there is such a thing as 'enough' material wealth.

3) It recognizes that consuming more than 'enough' creates more problems

than it solves, and causes consumer satisfaction or utility to decline,

rather than increase.

4) It aims at a better quality of life, rather than higher standards of living

as propagated by other economists.

Let us have a clear idea of Gandhi's philosophy of life to understand Gandhian economics. Gandhi viewed life as a whole, and not in its isolated

compartments. According to the Indian scriptures, there are four aspects of an individual's life: Artha (money), Kama (desire), Dharma (righteousness), and Moksha (liberation). These aspects are interrelated, and, therefore all of them should be harmoniously developed. Money is required to satisfy the basic requirements of life, however, it is not the end in itself. Man's aim is not to multiply worldly desires and engage his whole life in acquiring wealthto satisfy all his desires. The goal of life is to control desire and transform it, through righteousness, into liberation. He argues for the liberation of man from the cyclical order marked by artha, kama, dharma and moksha. According to him, true happiness lies in the all round development of a human being'spersonality, and in living a full life. Gandhi's ideas on economics are a part of his general philosophy of life. In these ideas, he outlined principles onwhich he wanted to build the ideal socialist society. The principles are as

follows:

1) Humanism: Man is both the means, and the end of all activity. He is

also the measure of performance. Everything functions with a human

face. All ideas, institutions, and actions are to be judged in terms of

whether they help in building a better man.

2) Simple Living: Gandhi had faith in materialism without lust and passion.

Material progress must be subservient to moral growth. The ultimate

aim of man is not to accumulate wealth and enjoy luxuries of life, but

to attain the higher values of life, and to lead a simple and full life.

Simple living and high thinking should be the motto of life.

3) Social Justice: Society is divided between rich and poor, between the Gandhian Development

strong and the weak, between the privileged and unprivileged, and Theory

between the elite and the masses. The principle of social justice requires

that the former must help the latter in fulfilling their basic requirements.

The ideal functioning of the society must aim at providing social justice

and reducing inequalities.

4) Non Violence: Social change is to be brought about through non violent

methods. Ends and means are inseparable in life, and only good means

yield good results. An ideal society can only be established by adopting

peaceful and non violent means, and not through hatred and war. In

Gandhian economics, the principle of non violence means the following

Things

: (a) the absence of capitalistic exploitation;

(b) the decentralization

of production units;

(c) cheaper defence organization;

(d) less inequality

of income;

(e) self sufficiency of communities.

5) Love and Co-operation: An ideal society should be established on the

principles of love and cooperation. In such a society, the love of others and not self love; co-operation and not egocentric acts, pre-dominate.

Relation between humans should be based on truth, love, and cooperation, and not on money and matter.

6) Harmony: The ideal economic condition according to Gandhi is self

sufficiency of the economy. For this, the following harmonies should be maintained:

(a) the requirements of the people must be in harmony with

the resources of the economy and,;

(b) production technology should match the country's requirements.

C**ommunism** was an economic-political philosophy founded by Karl Marx and Friedrich Engels in the second half of the 19th century. Marx and Engels met in 1844, and discovered that they had similar principles. In 1848 they wrote and published "The Communist Manifesto." They desired to end capitalism feeling that it was the social class system that led to the exploitation of workers. The workers that were exploited would develop class consciousness. Then there would be a fundamental process of class conflict that would be resolved through revolutionary struggle. In this conflict, the proletariat will rise up against the bourgeoisie and establish a communist society. Marx and Engels thought of the proletariat as the individuals with labor power, and the bourgeoisie as those who own the means of production in a capitalist society. The state would pass through a phase, often thought of as a socialism, and eventually settle finally on a pure communist society. In a communist society, all private ownership would be abolished, and the means of production would belong to the entire community. In the communist movement, a popular slogan stated that everyone gave according to their abilities and received according to their needs. Thus, the needs of a society would be put above and beyond the specific needs of an individual.

**COMMUNISM AND SOCIALISM**

**Communism** and socialism are political and economic systems that share certain beliefs, including greater equality in the distribution of income.

One way communism differs from socialism is that it calls for the transfer of power to the working class by revolutionary rather than gradual means.

Both communism and socialism advocate public control of the means of production, although socialism allows for the continued existence of capitalism in some parts of the economy.

What Is Communism?

At its most basic, [communism](https://www.investopedia.com/terms/c/communism.asp) is a philosophy based on the equitable distribution of wealth among a nation's citizens and common ownership of all property. In particular, it called for the control of the means of production, such as manufacturing and agriculture, by the working class, or proletariat. Its ultimate goal was achieving a classless society, at which point the state (or government) would "wither away."1

Contemporary communism is an offshoot of socialism and is sometimes called revolutionary socialism for advocating the takeover of governmental powers by the working class through revolution rather than incremental reform.

**Characteristics of Communist System**

* Abolition of Private Property.
* Collective Ownership of Means of Production.
* Central Planning.
* Elimination of Unfair Gaps in Incomes.
* Provision of Necessaries of Life.

**EVOLVEMENT OF COMMUNISM**

It became the dominant political philosophy of many countries across Asia, Eastern Europe, Africa and South America. In the late 19th century, communist philosophy began to develop in Russia. In 1917, the Bolsheviks seized power through the October Revolution. This was the first time any group with a decidedly Marxist viewpoint managed to seize power. They changed their name to the Communist Party, and sent their ideals to all European socialist parties. They then nationalized all public property as well as putting factories and railroads under government control. Stalin continued leading by the communist philosophies, and extended the growth of the the USSR. This example of Communism has been followed in many countries since then, including China.

What Is Socialism?

[Socialism](https://www.investopedia.com/terms/s/socialism.asp) encompasses a broader spectrum of political beliefs but shares communism's emphasis on a fair (if not necessarily equal) distribution of wealth among citizens, as well as public ownership of the means of production (though not necessarily all of them). In that sense, socialist programs and policies can exist alongside [capitalism](https://www.investopedia.com/terms/c/capitalism.asp) in a society, which is less likely in a true communist system. Socialists may or may not see a communist system as their end goal.

**A water supply network or water supply system** is a system of engineered hydrologic and hydraulic components that provide water supply. ... Water storage facilities such as reservoirs, water tanks, or water towers.

What are the problems of water system?

When waters run dry, people can't get enough to drink, wash, or feed crops, and economic decline may occur. In addition, inadequate sanitation—a problem for 2.4 billion people—can lead to deadly diarrheal diseases, including cholera and **typhoid fever**, and other water-borne illnesses.

What are water systems used for economically?

Water cools the generators and **drives the turbines that produce electricity**, and sustains the habitat and fish stocks that are vital to the commercial fishing industry. Rivers, lakes, and oceans provide natural highways for commercial navigation. Every sector of the U.S. economy is influenced by water.

How does water affect the economy?

Water scarcity leads **to food shortages** while raising commodity prices thereby hindering trade with developing economies and in the long run cause civil unrest. Water scarcity has a direct impact on rain-fed and irrigated agriculture as well as livestock, and an indirect impact on food processing industries