Traditional and market economies

The traditional economy is an economic system in which traditions and customs define practice of use of limited resources.

Market economy is the economic system based on the principles of free business, variety of forms of ownership on means of production and market pricing. It is economy in which only decisions of buyers, suppliers of goods and services define structure of distribution.

Both systems have merits and demerits. The traditional economy is good for the fact that it is stable – collapses and crises are no danger. Besides, the high quality of products is maintained, the state makes goods for itself, therefore, has direct interest in product’s quality. Although, the traditional economy has more shortcomings, than advantages: limited production, the slowed-down technological progress, influence of an environment. All of this leads to low productivity and poor choice of goods.

Market economy is the most widespread now, probably because of its strong advantages. Firstly, market economy is considered as one of the main engines of technological progress. The high level of competition guarantees high quality of the made product, and it won't allow low-quality goods on the market. The competition also stimulates growth of the product variety. Secondly, production resources are used effectively and expediently and the spent resources, including labor, will directly influence the income of the producer. And thirdly, in market economy a person has economic freedom – he can produce anything. But the “cons” of the market economy are also strong. The market is very unstable and is susceptible to continuous recessions and growths, its constant movement, inflation and part-time employment undermine the adjusted system. In market economy there is a tendency to monopolization which in turn can nullify all pluses of the market.

Also, the market doesn't help to keep natural resources, and can't carry out regulation of their use, it divides society into poor and rich, creates an unemployment, a number of social problems.

It is impossible to tell precisely which one of the two listed economies is better, but the fact that society has moved from traditional economy to the market as to its natural and more developed follower, means that, despite all its limitations, market is more optimal for the society.

Planned economy and mixed economy

The planned economy is an economic system at which material resources are in public property and are distributed centrally. That obliges individuals and the enterprise to work according to the centralized economic planning. The planned economy existed in the USSR and exists in DPRK and in Cuba to this day.

The mixed economy is an economic system in which exist both private and corporate ownership on means of production. It allows business owners and citizens to make independent financial decisions, however their autonomy is limited to the fact that the state or society possesses a priority in these financial questions. Generally, the ideas of mixed economy are adhered by the supporters of democratic socialism.

As well as each economic system, the planned and mixed economies has their own pluses and minuses. The pluses of planned economy are: zero unemployment, decrease in social stratification of society, ensuring high level of social guarantees. With planned economy all citizens have approximately the same standard of living and in ideal model it is equally high. Unfortunately, it is possible only in ideal model, because the pluses are resisted by the minuses of planning of economy: lack of the healthy competition that leads to a lack of motivation of the workers and the enterprises to increase productivity, quality of goods and profitability of production; impossibility of quick response to the developed problems, a frequent discrepancy of demand of buyers and the offer of the state, deficiency of goods and its surplus.

The mixed economy partially levels shortcomings of planned and market economies, borrowing at the same time many of their advantages. Firstly, in mixed economy both small, and big business, both the private, and state enterprises are equally developed. Secondly, the effective production and satisfaction of inquiries of the citizens are combined. Thirdly, there is a control for monopolies and saturability of the market, emergence of deficiency isn't allowed. Besides, many mixed economies are socially oriented which means that competition preservation, market freedom and the state protection of the citizens from unfair participants of the market are combined. It also has some disadvantages, of course. Adherence to the market model gives an unemployment and inflation, an excessive social gap between the rich and the poor. The excessive distortion towards planned economy can lead to stalling of economic reforms, stagnation in updating of business assets, to decline in quality of goods. The excessive bias in traditional economy can also be pernicious for all system as it often doesn't consider modern requirements of the market and slows down globalization processes, preventing producers to enter new sales markets.

Nevertheless, today mixed economy is the most socially acceptable as it provides the largest economic growth and development.

Lenin

Vladimir Ilich Lenin (1870-1924) was a Russian revolutionary, major theorist of Marxism, chief organizer and the leader of the October Revolution, creator of Russian Communist party and the creator of the first in world’s history socialistic state – USSR.

Vladimir Ilyich Ulyanov (Lenin) was born on April 22, 1870 in Simbirsk (nowadays Ulyanovsk) in family of the inspector of national schools who has become the hereditary nobleman. His elder brother Alexander was a revolutionary, in May 1887, he has been executed for the preparation of the tsar's assassination. The same year Vladimir Ulyanov finished the Simbirsk gymnasium with a gold medal, admitted to the Kazan university, but in three months after the admission was excluded for participation in student's disorders. 20 years later Tsarist regime was ended by Ulyanov, Lenin at the time, and his ideological comrades.

Lenin postulated that by the end of the 19th century capitalism in the most developed countries had moved to a new "special historical stage" of the development which he called imperialism. The last, according to him, is monopoly capitalism, parasitic or rotting and "transitional or rather the dying capitalism". The political philosophy of Lenin was guided by the radical reorganization of society liquidating any oppression, social inequality. Revolution had to be the mean of such reorganization. According to Lenin any state has class character. He writes: "In a question of the state, first of all, it is needed to distinguish to what class the "state" serves, of what class it carries out interests… Either dictatorship (i.e. iron power) of the landowners and capitalists, or dictatorship of the working class". Lenin stated a number of the provisions developing the Marxist idea about dying off of the state what, according to Lenin, his radical democratization has to precede to, including selectivity and removability of deputies and officials whose work has to be paid on the wage level of workers.

Lenin’s ideas led to the establishment of the communistic and socialistic regimes all over the world, influencing not only these states, but politics in general. This new social, class and equality thinking eventually changed not only communism and socialism, but capitalism and democracy as well, making them more liberal, tolerant, just in labor rights and socially oriented.