

SOCIALISM: MEANING AND FEATURES OF SOCIALIST ECONOMY

Meaning:

Socialist means the system under which economic system is controlled and regulated by the government so as to ensure welfare and equal opportunity to the people in a society. The idea of socialism is first introduced by Karl Marx and Fredric Engles in their book, 'The Communist Manifesto'.

The word socialism means 'all things to all men'. According to Samuelson, "Socialism refers to the government ownership of the means of production, planning by the government and income distribution".

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Main Features of Socialist Economy:

The main features of socialist economy are as follows:

(i) Collective Ownership:

In socialism, all means of production are owned by the community, i.e., Government, and no individual can hold private property beyond certain limit. Therefore, it is government who utilises these resources in the interest of social welfare.

(ii) Economic, Social and Political Equality:

Under socialism, there is almost equality between rich and poor. There is no problem of class struggle.

(iii) Economic Planning:

Under socialism, government fixes certain objectives. In order to achieve these objectives, government adopts economic planning. All types of decisions regarding the

central problems of an economy are taken in the economic plans. There is a Central Planning Authority, who plans for the economy.

(iv) No Competition:

Unlike capitalistic economy, there is no cut throat competition. It means lack of competition as state is the sole entrepreneur.

(v) Positive Role of Government:

In socialism, government plays significant role in decision making. Thus, government has complete control over economic activities like distribution, exchange, consumption, investment and foreign trade etc.

(vi) Work and Wages According to Ability and Needs:

In socialistic economy, work is according to ability and wage according to need. It is said that under socialism “from each according to his ability to each according to his needs, is socialism.”

(vi) Maximum Social Welfare:

The sole objective of socialism is the maximum social welfare of the society. It means that there is no scope of exploitation of labour class. Government keeps a close eye on the needs of the poor masses while formulating plans.