

T.C
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MASTER'S THESIS

**AN INQUIRY FOR THE VALIDITY OF
EFFICIENT MARKET HYPOTHESIS IN
DEVELOPED AND DEVELOPING COUNTRIES
AND A COMPARATIVE ANALYSIS ON
STRUCTURAL AND SOCIAL CHANGES IN
ECONOMIC SYSTEMS SUGGESTED FOR
IMPLEMENTATION**

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ABSTRACT

AN INQUIRY FOR THE VALIDITY OF EFFICIENT MARKET HYPOTHESIS IN DEVELOPED AND DEVELOPING COUNTRIES AND A COMPARATIVE ANALYSIS ON STRUCTURAL AND SOCIAL CHANGES IN ECONOMIC SYSTEMS SUGGESTED FOR IMPLEMENTATION

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This thesis analyses the validity of efficient market hypothesis in both developed and developing countries, comparing the structural and social changes in different systems of economy which are market economy, traditional, mixed and command. The thesis aims to focus on the ups and downs of each economic system analyzing each both separately and in comparison with the other economic systems. Parallel to all the above mentioned, the thesis aims to present a new economic model, which can also be referred as a system, called humanism since it bases all its main ideas on the values of humanity and justice for all. In this analysis, the work has been conducted on the recent statistic indicators for population, inventions, and in order to get a general overview of the welfare of the world population, the ratio for suicides and the relation with the occupations too. Due to the fact that it has been analyzed in the macro level, indicators for certain number of countries have been viewed with the purpose of comparison and specification. Fertility rate, infant mortality rate, homicide rate, unemployment and homelessness rates for certain countries of the world provide a clear view of the current and historic economic systems enabling the fair judgement of each comparably to reveal the background for the introduced economic model. Having each economic system analyzed with its types and compared to the other economic systems besides providing the statistical view of the contemporary world, this work concludes on the significance of the introduction of

the new economic system which is considered to be an inseparable part of the development of human history.

Keywords: Economic Systems, Capitalism, Communism, Fascism, Socialism, Humanism.



ÖZ

GELİŞMİŞ VE GELİŞMEKTE OLAN ÜLKELERDE ETKİLİ PAZAR HİPOTEZİ ARAŞTIRMASI VE EKONOMİK SİSTEMLERDE UYGULANMASI ÖNERİLEN YAPISAL VE TOPLUMSAL DEĞİŞİKLİKLER ÜZERİNE KARŞILAŞTIRMALI ANALİZ

NARGİZ NAJAFLİ

Bu tez gelişmiş ve gelişmekte olan ülkelerde piyasa etkililiğini sosyal ve yapısal olmak üzere türlü değişimler şeklinde farklı ekonomik sistemlerde analiz etmektedir. Merkezi planlı ekonomi, piyasa ekonomisi, geleneksel ekonomik sistem ve karma ekonomi olmak üzere mevcut ekonomik sistemler anlatılmakta, bunun yanı sıra, kapitalizm, sosyalizm, faşizm, kommunizm türleri ve genel felsefeleri, yarar ve zararlarıyla kıyaslanarak incelenmektedir. Öncelikle, her ekonomik sistem bağımsız olarak incelenmekte ve sonrasında diğer ekonomik sistemlerle karşılaştırılarak kıyaslanmaktadır. Araştırma kapsamında İslam ekonomisine de değinilmiş, belirgin özellikleri ile ele alınmış ve karşılaştırılmıştır. Bu tezin asıl amacı mevcut ekonomik sistemleri, avantaj ve dezavantajlarını nedenleriyle birlikte açıklayarak insanlık tarihinin geçmiş olduğu süreçte ve günümüz ekonomisinde yaşanmış ve yaşanmakta olan sorunlara bu tarihsel sürecin bir parçası olarak asıl çözüm önermektir. Analizler yapılırken çağdaş manzaranın arka planı, genel bilgilerini sağlamak amacıyla nüfus, icat ve buluşlar için göstericiler, intihar oranı, intihar oranı ve meslek ilişkisi, doğurganlık oranı, bebek ölüm oranı, cinayet, işsizlik ve evsizlik oranları da incelenmiştir. İncelemelerin makro düzeyde yapılması nedeniyledir ki, bir sıra ülkelerin göstericilerinin analizi mevcut ekonomik sistemlerin karşılaştırmalı mukayesesi ve ayrıntılı tanımlanmasına olanak sağlamıştır. Analizler sonucu ulaşılan kanaat tarihi gelişim sürecinin bir parçası olarak kaçınılmaz olduğu öngörülen bir ekonomik sistemin kapitalizm sonrası süreçte ortaya çıkarak gelişmekte olacağı ve insanlık tarihinin ilim ve bilim noktasında zirveye ulaşacağı bir dönemi kapsayacağı

yönündedir. Bu sistemden merkezi özelliği kapital olan kapitalizmden, asıl amacı toplumun yararı için bazılarının zararına gözlerini kapatan sosyalizm ve komünizmden farklı olarak temel değer olarak insanı (human) aldığı için humanizm diye bahs edilmekte. Humanizm olarak belirlenmiş bu ekonomik sistem insani değerler ve adaleti temel almaktadır. Bu ekonomik sistemin asıl amacı birisi için her kesin ve her kes için birisinin çalışıyor olması. Ana felsefesi “hepimiz birimiz, birimiz hepimiz için” olan bu ekonomik sistem yalnız yüksek teknoloji ve bilim sonucu olarak sivil bir toplumda gerçekleşmektedir. Bu tezde gelişmiş ve gelişmekte olan ülkeler için uygun olarak iki farklı model önerilmiştir. Mevcut ekonomik sistemlerin karşılaştırmalı analizi avantaj ve dezavantajların nedenlerini ortaya çıkarmanın yanı sıra aynı noktada avantaj olarak görünen özelliğin ikinci dereceli etken sonucu aynı zamanda sistem için dezavantaj olarak görüne bildiğini de denetlemiştir. Bu nedenle özellikler “direct reason” direk neden ve “secondary effect” ikincil etki olarak ele alınmış ve sonuç itibarıyla diğer ekonomik sistemlerin artı ve eksileriyle kıyaslanarak kaçınılması imkansız bir sürecin doğru yönetilebilmesi için humanizm dediğimiz ekonomik sistem çözüm olarak önerilmiştir. Bir zamanlar için ülkenin ekonomik düzeydeki başarısının ölçüsü diğer makro göstergilerin yanı sıra gayri safi yurtiçi hasılaydıysa, günümüz itibarıyla dünya ekonomisi ekonomik verimliliği mutluluk ve refah oranları olarak nitelendiriyor. Bu nedenle araştırma sırasında toplumsal ve yapısal değişimlerin tetikleyici unsuru olarak mutluluk ve refah oranları farklı ülkeler için kıyaslanmıştır. Mutluluk ve refah oranlarının humanizm dediğimiz ekonomik sistemde zirve yapacağı öngörülmüştür.

Anahtar Kelimeler : Ekonomik Sistemler, Kapitalizm, Sosyalizm, Komünizm, İslam Ekonomisi, Faşizm, Humanizm.

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LIST OF ABBREVIATIONS

ANES	: American National Election Survey
CDC	: Current Data Checking
CIS	: Commonwealth for Independent Countries
CPSU	: Communist Party of the Soviet Union
G.D.H. Cole	: George Douglas Howard Cole
GDP	: Gross Domestic Product
GNHI	: Gross National Happiness Index
GNP	: Gross National Product
NSA	: National Statistical Authorities
OECD	: Organization for Economic Cooperation and Development
OSTI	: Organization of Scientific and Technological Innovation
PLS	: Profit Loss Sharing
PPP	: Public Private Partnership
SSO	: Social Security Organization
Stamocap	: State Monopoly Capitalism
SWB	: Salaries, Wages and Benefits
UN	: United Nations
USSR	: Union of Soviet Socialist Republics
WTO	: World Trade Organization

INTRODUCTION

In the world of global problems with the limited resources economics turns out to be the first and the best problem-solver since it studies the most efficient and effective allocation of limited resources. In modern day reality every day concerns are not restricted with the social problems only, on the contrary, increasing financial concerns in the community transform the social and economic expectations and direct the society in a different way compared to the previous milestones of history.

In today's reality economics is involved in almost all spheres of life, thus, any sort of problem in the society is either directly or indirectly linked to the solutions offered by the economic approach. To illustrate in more details, global environmental problems, social problems, financial impediments, quality of life, technology, inventions, professions, social structure, education and a lot more – roughly everything in the world is a concern of economics in one way or another.

In this work the most efficient and effective economic system is aimed to be found. For the same purpose, all the economic systems existing through the course of history in one form or another have been analyzed. Since economics as a study is expected to provide the solutions for various kinds of micro and macro problems emerging and existing in the society, this study covers not only the economic systems, but also current economic problems and the situation in an objective level. Thus, the study offers the found economic system to be implemented for the coming decades for the realization of the best economic achievements in the course of human history.

Available sources related to the matter have been considered and on the base of these and some other resources related to the research interests the economic systems and economic conditions in today's reality have been reviewed. In Chapter 2 literature concerning the economic systems and the points of significance in terms of the found economic system to be considered have been analyzed.

In this regard poverty rates, figures for growth and labor input during 4 decades, world happiness index and the relation between happiness index and the

political concern in the society, voting and political activities have been analyzed. Besides, population growth, the university-industry cooperation figures and big data revolution, analysis of generations have been of a great concern in the analysis.

Additionally, ideas and views for capitalism and fascism have been viewed in the mentioned chapter. Karl Marx's and Adam Smith's ideas on capitalism and fascism as a way to maintain capitalism have been briefly re-evaluated in the given chapter.

Chapter 3 focuses on capitalism as an economic system and its types, up and down sides through the course of history. In addition to all, this chapter analyzes capitalism in regard to its relations with democracy. In order to clarify certain aspects of the system, supply and demand model has been explained in this chapter as a core element of this economic system. Critics of capitalism, the role of the government under this rule, certain elements of slavery in comparison with the ideas supported by capitalism such as capital accumulation are the points of concern in Chapter 3.

Socialism is the interest point of Chapter 4 in which its core ideas, types, advantages and disadvantages as an economic system and a way of management are analyzed. In this chapter socialism is also viewed against capitalism, besides, Friedrich Engel's and Marx's views to socialism are specified. In addition to analyzing socialism as an economic system and a political concept, the role of the government in this economic system is emphasized and the ideas of reform and revolution are identified in a socialist way of thinking. Countries with the socialist system have been mentioned in this chapter as well.

Chapter 5 illustrates communism as an economic system. Marxist Theory is viewed, besides the Theory of Historical Materialism, and not only critics of communism as a system, but also criticism of communist party rule is mentioned in this chapter. Again in this chapter different types of communism are analyzed with its pros and cons being mentioned in the same chapter. Most importantly, Marx's assessment of 10 essential tenets of communism has been demonstrated in the mentioned chapter.

Fascism as a system is displayed in Chapter 6. In this chapter besides analyzing fascism as an economic and political system, both the advantages and the disadvantages of this system are demonstrated. In a parallel way, fascism is defined with the ideas it promoted and the ideas supported in fascism.

Chapter 7 focuses on Islamic economics as a system. Besides analyzing the given facts from the religious viewpoint, the chapter displays the concept in economic terms mentioning the role of banking, interest rates, rent and so forth. Despite the fact that in modern-day reality Islamic finance dominates the field compared to Islamic Economics as an economic system, the chapter depicts the concept as a system and mentions Islamic finance as well. This chapter illustrates main ideas of Islamic Economics.

Economic systems are compared in Chapter 8 in various ways: in terms of main ideas behind each economic system, resource allocation, factors of production value and ownership, and most importantly, regarding the style of economic and political decision-making.

Fascism compared to Capitalism, Fascism compared to Socialism, Fascism compared to Communism, Fascism compared to Democracy, Socialism compared to Communism are the main areas of focus in Chapter 8. Market principle is also compared in the same chapter, besides comparing Marxian thoughts with the views in capitalism and Islamic economics. In addition to the above-mentioned comparisons, systems for economic management as free-market, planned, traditional and mixed concepts are compared and contrasted in this chapter.

Humanism as an economic system is introduced in Chapter 9. In this chapter main ideas behind this economic way of management are explained and compared to the other previously experienced economic systems. The system is also categorized for the developed and developing countries for the diversity in the application. In this chapter the focus is also on education as a main tool in the formation of a community serving its future purposes. Humanism explains itself as an irresistible system brought to emerge throughout the course of human development history.

Chapter 10, however, provides data about various aspects of significance for the most effective and efficient economic system to be identified such as infant mortality rate, homicide, fertility rates, the figures for the densely populated continent, homelessness and extreme poverty, unemployment rate, inventions per century, professions with the highest suicide rates for male and female member of the community, quality of life index. UK population figures are analyzed as a sample in Chapter 10 as well.

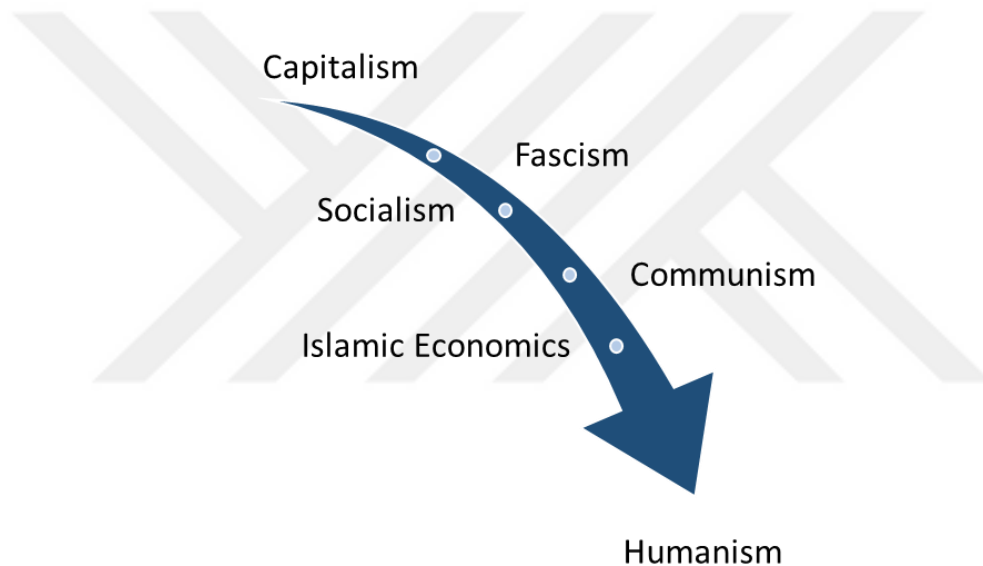


Figure 1.1: Development of Diverse Economic Systems Throughout the Course of History.

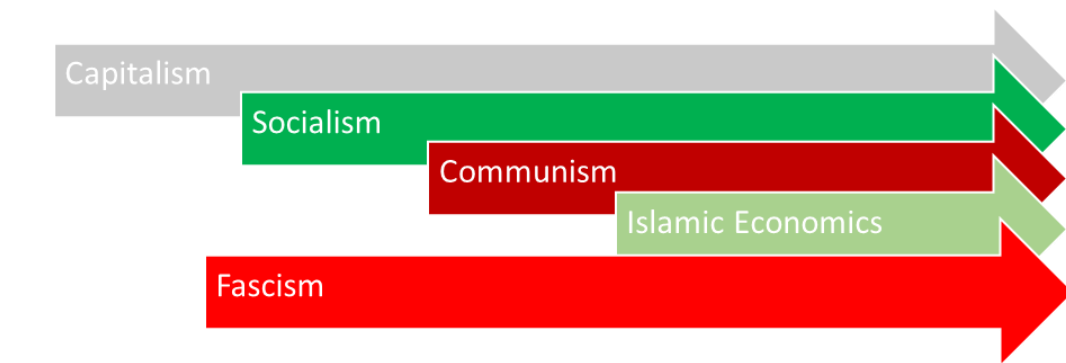


Figure 1.2: Economic Systems Leading to Humanism

Figures 1.1 and 1.2 illustrate the relation between Humanism and other economic systems through the course of human history, by which the chapters of the work are linked and clearly interpreted. The given illustrations enable the reader to get a better grasp of structure used for the study.

CHAPTER 1

REVIEW OF LITERATURE

1.1. Literature Overview: Adam Smith's and Karl Marx's ideas about Capitalism

Thoughts on economic way of management are not evolving in a single direction. Ideas support, ideas contradict each other, ideas partially seem similar. While having a deeper thought on the previously made arguments, since each party proves their own way to be true, one agrees partially with each view. That was Adam Smith who named capitalism 'the system of natural order' or 'the system of perfect liberty'. The primary cause of interest point of the debate among the scholars in 1700s and 1800s was the dilemma of choice between individual interest over the benefit of the community and the opposite. And most importantly it was about the idea of creating the balance in between. According to some, chasing a personal interest of the individual without any restrictions put can be a threatening point for the society as a whole which may even end up with its being destroyed. Subsequently, in their view, this is an unavoidable factor to have a single unit to have a control over the individual interest. Among the supporters of this attitude one can see Tomas Hobbes who in his book – Leviathan mentions that every individual with his own free will is expected to delegate their rights to the single managing unit for the purpose of preventing the "war of all against all" by which he means a chaotic society created as a result of conflicting interests.

As it is seen from the abovementioned lines, this is Adam Smith who strongly believes that human self-interest should not and cannot be ignored. Long term economic success is dependent on human self-interest according to his view. Thus, the main concern for the 1700s and the 1800s was the conflict between the interests of the people as individuals and the society. Tomas Hobbes believes that a person should give up on his personal interest in order not to be in the state of never-ending protection against everyone trying to obtain his personal interest, instead he should

be a part of society that can protect his interest as a part of the total welfare in case it does not contradict the beliefs and expectations of the society as a whole.

But what is meant by “self-interest”? Adam Smith differentiates self-interest from selfishness.

In his authentic view, an individual following his personal interest on no expense of others can take the society to a higher level, since this is the interest that works as a driving engine in the system. However, he considers selfishness to have been originated from loving one’s self on the expense of others’ interests. All in all, Adam Smith supports the idea of self-interest opposing the point of self-love over the community interest.

Either economists fail to clarify their ideas in details or the ideas themselves turn out to be a kind of paradox. Once reading the ideas of various economists on the same point, one can see that almost all of them point out similar features, interestingly, ending up with totally controversial view points as a result. Each economic system is identified differently by different economists. In case of capitalism, the way it is seen by Adam Smith is totally different from the way the same economic system is viewed by Karl Marx.

Thus, capitalism in his view is the system creating a society in which people following their personal interests lead to class struggles as a result of which unequal distribution of income turns out to be one of the main economic struggles parallel to inefficient use of resources. Thus, he evidently supports the belief that socialism having a centralized body controlling and planning the economic development will enable the community to harvest the growth guaranteeing the social fairness. Instead of the market mechanism operating with the rules of supply and demand and paving a way for private ownership, Marx supports coordination by central planning and public ownership. In his ultimate view, central planning plays a role of substitute for the chasing of self-interest bringing out the efficiency for the system.

(The Studies of Economic Systems and Institutions: Some Views on Future Directions¹, The Journal of Comparative Economic Studies, Vol.7, 2012, pp. 11–21. Byung-Yeon KIM, Seoul National University, Korea)

1.2. Ideas on capitalism without capitalists

Ideas about capitalism vary extensively. But once one mentions the idea of “capitalism without capitalists” the hugest amount of attention is drawn to the below-mentioned point.

“There have been a number of schools of thought about which social groups would be best placed to take advantage of market reform after the fall of communism. Market transition theory and research on socialist entrepreneurs suggested that those who had been successful in the second economy during the late communist period would benefit most from the transition to capitalism. In contrast, theorists of political capitalism argued that former cadres were best placed to convert state-socialist privilege into economic capital. Against both these theories we contend that cultural capital became the dominant form of capital in post-communism. The coalition that governs post-communist societies is comprised of technocrats and managers-many of whom held senior positions in communist institutions-and former dissident intellectuals who contributed to the fall of communist regimes at the end of the 1980s. This offers a new theory of the transition to capitalism, by telling the story of how capitalism is being built without capitalists in post-communist Central Europe... theorize capitalism without capitalists as a distinctive new strategy of transition adopted by technocratic-intellectual elites in societies where no class of private owners existed prior to the introduction of market mechanisms. Note, however, that capitalism without capitalists is not necessarily capitalism without a bourgeoisie... post-communist capitalism is being promoted by a broadly defined intelligentsia which is committed to the cause of bourgeois society and capitalist economic institutions. This approach to analyzing the transition to capitalism in Central Europe necessarily differs both from the classical social and economic theories of Adam Smith and Karl Marx and from twentieth-century visions of corporate, managerial, or other kinds of post-capitalist societies, such as those proposed by Ralf Dahrendorf, Berle and Means, or Daniel Bell. On one hand, classical theorists assumed that there must have been capitalists before capitalism.”

As it is seen from the mentioned attitudes, depending on different factors most

importantly the period of time the same concept can be favored and opposed by some and even sometimes by the same group of people, since we can see a certain number of economists opposing previously supported ideas. All these lead me to the belief that all the ideas throughout the history can prove itself right and wrong. All will depend on the consequences of the system people have experienced. Besides all, certain ideas can be the best fit for certain periods of time such as transition periods, after which they are never favored or experienced again.

(GIL EYAL, IVAN SZELENYI, AND ELEANOR TOWNSLEY ,Making Capitalism without Capitalists , Social Stratification Class, Race, and Gender in Sociological Perspective 2nd edition edited by David B. Grusky Cornell University, First published 2001 by Westview Press Published 2019 by Routledge p.852)

1.3. Capitalism as a way to bring material welfare of human beings

Capitalism is believed to be the system paving a way for the required conditions for democracy initiating innovations and risk-taking as a result, on the background of which it experiences faster technological development.

According to the above mentioned sentences, this system compared to socialism provides more efficiency in the use of resources meaning in the long run capitalism succeeds at rising production and productivity of labor, as a result it turns out to be the economic system that brings material welfare of the human beings.

(What the Change of System From Socialism to Capitalism Does and Does Not Mean Ja'nos Kornai ,Journal of Economic Perspectives—Volume 14, Number 1—Winter 2000—Pages 27–42; p.35; p.38)

1.4. Fascism as a tool to protect capitalism

Among economists various approaches and different views are favored. Despite the fact that each economic system has its own pros and cons, some viewers keep on giving full support to capitalism in its all forms. Among these economists

certain number of them strongly view fascism more as a tool applied in the protection of capitalism than a system to substitute capitalism. “The orthodox mythology would have us believe that the Western democracies (with the USA leading the way) have opposed both totalitarian systems with equal vigor. In fact, U.S. leaders have been dedicated above all to making the world safe for global corporate investment and the private profit system: Pursuant of this goal, they have used fascism to protect capitalism, while claiming to be saving democracy from communism.”

[Blackshirts and Reds : Rational Fascism and the Overthrow of Communism, Michael Parenti]

1.5. Figures against Capitalism

Analyzing historically, difference in GDP per capita between the countries that are the richest and the ones that are the poorest has not ever been more than 6 times. (“As You Were: After a Period on the Wane, Inequality is Waxing Again”, The Economist, October 13, 2012.) However, in today’s reality due to industrial revolution and fast technological development the difference in nominal GNP between the richest and the poorest countries has reached 450. (Rethinking Industrialization, The Effects of Global Technological Development on the World and Turkish Economy, 2018, p. 25. Nurullah Gur, Sadik Unay, Serif Dilek) According to the fact provided above, capitalism despite its fastest development initiation fails to provide equal distribution ending up with the condition which makes the rich even richer and leaves the poor to become poorer. Since the figures for the difference in GDP per capita fluctuate between 6 and 450, a certain number of economists support the view that capitalism as a system in spite of being the driving engine triggering growth and fast development cannot prove itself to be successful in the overall view aimed for the system by the fact that it does not enable every individual to benefit from the growth achieved by the system.

1.6. Categories for generations with the expected features and changes

“ X, Y, Z – these are the categories mentioned for each generation identified for a specific period owing to the expected features and changes.

Baby Boom Generation (the ones born between 1946 and 1964)

X Generation (the ones born between 1965 and 1980)

Y Generation (the ones born between 1980 and 2000)

Z Generation (the ones born in 2000 and after)

And each of these generations has specific traits which are:

X and Y compared to Baby Boom Generation consider freedom in the workplace to be of higher significance

X and Y compared to Baby Boom Generation are less concerned with moral values in business

X and Y compared to Baby Boom Generation are less interested in unpaid overtime

X and Y compared to Baby Boom Generation consider work conditions to be of higher importance

Y Generation tends to take as few responsibilities as possible in the workplace

Y Generation is less inclined to consider work a matter of central significance

Y Generation is more concerned with the professional development “

Since this is human beings themselves creating the problems and then solving them on their own, any system will be built on their needs and potential, which means the system serving for humans is created by humans. Thus, to understand the signs of the current and the coming system, it is of higher significance to understand the generations, their needs and abilities. The above-mentioned categorizes the

people and identifies their expectations and the capacity to perform. Categorizing the people born after 1946 in 4 different generations namely Baby Boom, X, Y and Z Generations, it can be concluded that people born between 1946 and 1964 are eager to work longer hours despite having no payment for the extra working hours, do not signify the freedom in the workplace to a great extent, and do not think of work conditions to be a priority. People born between 1980 and 2000 are the ones more concerned with the professional development, less interested in extra responsibilities, and work is a notion with higher significance for these individuals. Depending on the requirements of the period and the moral and cultural values specific for the given period expectations, behavior and workplace attitude differs for each category. The same fact should be taken into consideration while analyzing the economic system required to be implemented for the generations.

(Rethinking Industrialization, The Effects of Global Technological Development on the World and Turkish Economy, 2018, p. 127. Nurullah Gur, Sadik Unay, Serif Dilek)

1.7. Growth and Labor Input for the Socialist and Capitalist countries compared.

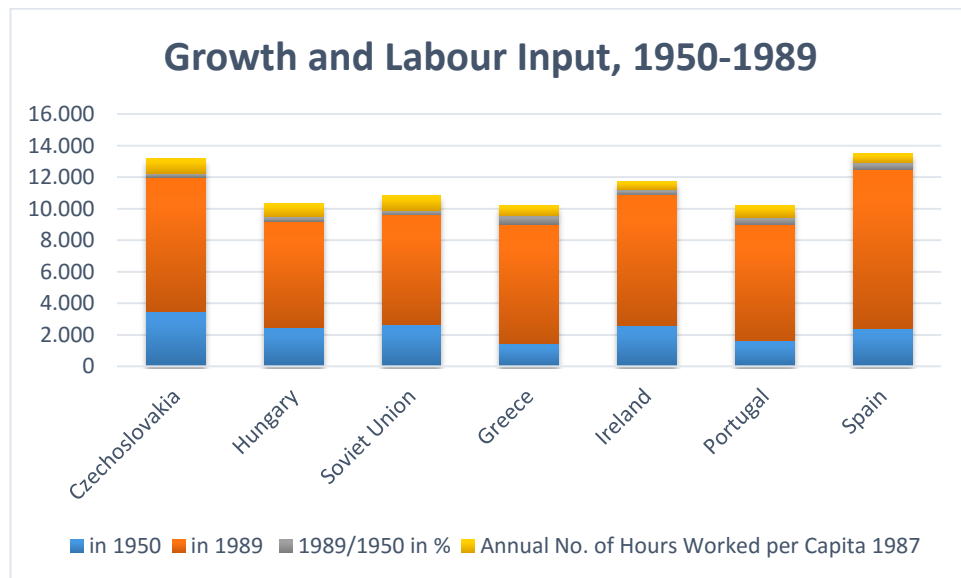


Figure 2.1: Growth and Labor Input for the years between 1950 and 1989

The illustrated table reveals the data for three of the countries belonging to European socialist groups which are compared with the four countries belonging to European capitalist groups which were found to be the least developed ones in the base year which is considered to be the year 1950. GDP per capita which has been reported in the columns I and II has been calculated according to the U.S. dollar prices of 1985.

Source: Maddison (1994, pp. 22 and 43).

(What the Change of System From Socialism to Capitalism Does and Does Not Mean Ja'nos Kornai ,Journal of Economic Perspectives—Volume 14, Number 1—Winter 2000—Pages 27–42; p.39)

It is one of the highly sophisticated tasks to compare two of the systems in a fair analysis. Since systemic comparisons are of the effect in a-singular-point comparisons or for the ones in a few numbers, increasing the number of points to be compared can take to the wrong direction due to the fact that certain results are the consequences of certain effects. Once having changed the effect, the results change as well, in the multiple effect analysis it becomes complicated to determine the real source of the effect, since singular and mixed effects on the point bring different outcomes. Focusing on one point which is growth and labor input in this case, in order to compare the efficiency of economic systems in regard to growth and labor input, both socialist and capitalist countries have been chosen from the same region – Europe. The figures indicate the years between 1950 and 1989. The chosen capitalist countries are the ones the least developed according to the indicators of 1950. The figures for three of the countries in the socialist group namely Soviet Union, Czechoslovakia, and Hungary are compared to four of the countries in the capitalist group namely Spain, Ireland, Portugal and Greece. Ireland reveals itself to be the one with the least hours worked per capita in 1987. Czechoslovakia and Soviet Union, however, share almost the same figures for the annual hours worked per capita to be maximum among the compared countries. Czechoslovakia turns out to be the one with the least percentage change being followed by Hungary and Soviet Union. On the contrary, Greece takes the leading position for the highest percentage change

being followed by Portugal and Spain. The highest figure indicates Spain in 1989 and the lowest indicator for the base year belongs to Greece. In overall analysis, regarding the figures for growth and labor input, one can come to the conclusion that the capitalist countries of the same region experience higher rates of growth than socialist countries of the previously mentioned region.

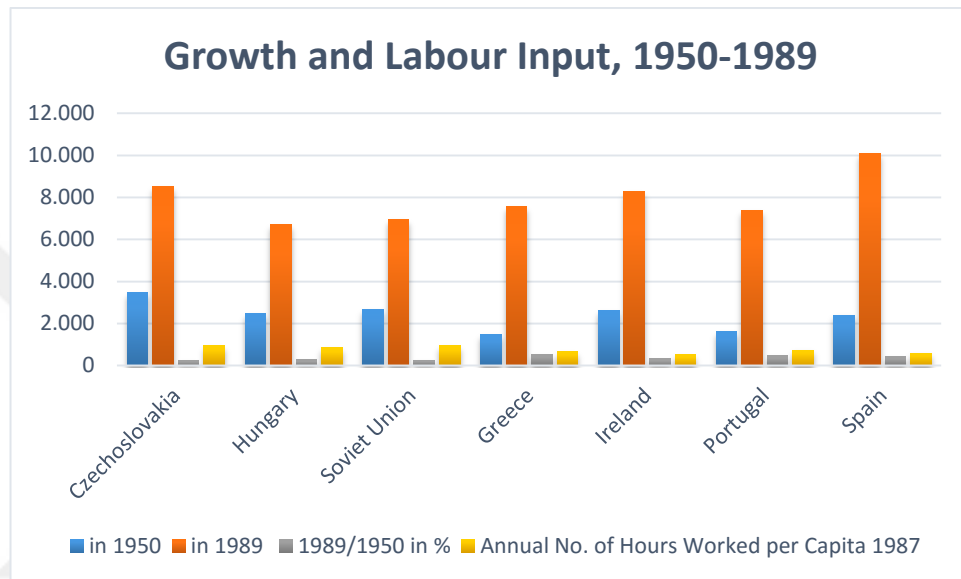


Figure 2.2: Growth and Labor Input for the years between 1950 and 1989

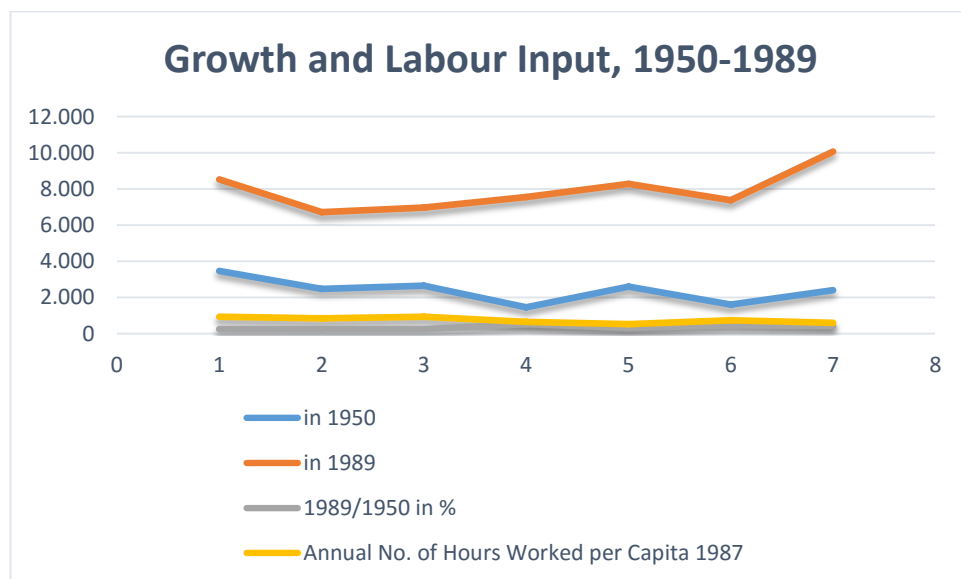


Figure 2.3: Growth and Labor Input for the years between 1950 and 1989

Table 2.1: Growth and Labor Input between the years 1950 and 1989

Country	in 1950	in 1989	1989/1950 in %	Annual No. of Hours Worked per Capita 1987
Czechoslovakia	3,465	8,538	246.4	936
Hungary	2,481	6,722	270.9	839
Soviet Union	2,647	6,970	263.3	933
Greece	1,456	7,564	519.5	657
Ireland	2,600	8,285	318.7	524
Portugal	1,608	7,383	459.1	738
Spain	2,405	10,081	419.2	591

1.8. Some Significant Figures for the Poverty Rate

In several categories poverty rates are analyzed including the age groups, the mean income, poverty gap and crisis effect. According to the analysis for 2012, despite poverty rates being 11% across OECD countries, a vast diversity is experienced in terms of poverty rates across the countries. The figures revealed above lead the individual to the point that the economic system implemented for the given years fails to provide equal distribution and for having various reasons fluctuations in income and poverty rates accordingly become almost unavoidable. Once more sticking to the statistical data, it is revealed that inequality in distribution turns out to be not the only setback of the implemented economic system, however, having fluctuations it also leaves some space for the increase in overall poverty rates by the way of expansion experienced in between the rich ones and the poor ones.

“Across OECD countries, the average poverty rate was about 11% around 2012. There is considerable diversity across countries: poverty rates are almost 20% in Israel and Mexico, but below 6% in the Czech Republic and Denmark. Poverty rates vary across age groups: in Japan and Korea, older people are more likely to be poor, while in Turkey child poverty is a greater issue. The United States, Chile, Israel and Mexico share higher overall poverty rates, while the Nordic countries combine lower poverty rates. On average, in OECD countries, the mean income of poor people is 31% below the poverty line (poverty gap), with larger gaps in countries hard hit by the recent crisis like Italy, Greece, Spain and the United States and lower ones in Belgium, Finland, Germany, New Zealand and Slovenia. In general, countries with higher poverty rates also have higher poverty gaps. From the mid-

1980s to around 2012, poverty rates rose in 15 out of 18 countries for which data are available, resulting in an overall increase of 2.7 percentage points for the OECD as a whole. The largest rises were experienced by Israel and Sweden, and the only decline was registered in Denmark.”

(OECD (2016), “Poverty rates and gaps”, in OECD Factbook 2015-2016: Economic, Environmental and Social Statistics, OECD Publishing, Paris, p.56)

1.9. World Happiness Report

The question “Which economic system should be implemented?” does not only cover the points of effective and efficient resource allocation, income distribution, production, but also relates to the welfare of the nation or nations. Once the welfare is concerned, the questioning point changes. The interest in the highest production gives its turn for the production for happiness. Then the questions such as “How much is needed?”, “How much is too much?” and “Why is it needed?”, “Is it really necessary in terms of happiness?” arise.

The inequality of welfare has experienced a tremendous decrease in the western countries, to be more precise, Central and Eastern Europe, however, has tremendously increased in the other parts of the globe such as South Asia, Southeast Asia, The middle East, Sub-Saharan and North Africa. Gallup World Poll surveys are taken as the base for the country ranking in terms of happiness rates between 2016 and 2018.

(World Happiness Report, 2019, John F. Helliwell, Richard Layard and Jeffrey D. Sachs p.40-41)

Finland is the leading country in the list being followed by Denmark in the World Happiness Report. While determining the well-being of a country several factors are being analyzed such as financial satisfaction, life expectancy under required health conditions, social support, liberty, trust and the state of being generous.

Thus, the question of development is no longer about the highest rate of production or the top richest countries, but the usage of wealth in happy nation building.

Analyzing statistically, comparing USA, UK, Germany, France, Japan, Spain, Italy, Portugal, Greece, Ireland, and UAE, Greece turns out to be the country with the lowest indicators, while the UK is the one with the highest figures for happiness index in the list of the given countries.

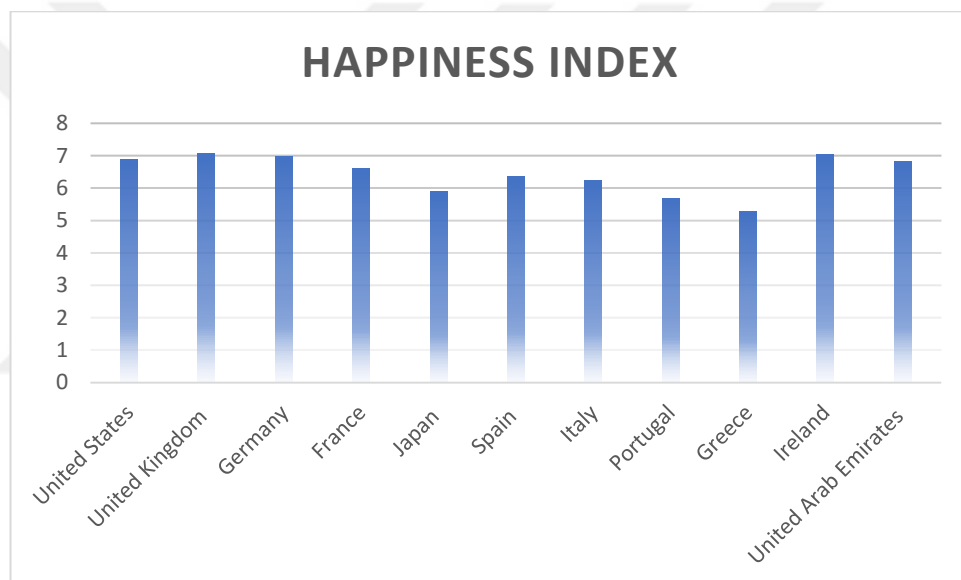


Figure 2.4: Happiness Index 1st set of Countries

Considering the indicators for another set of countries namely Argentina, Canada, China, Denmark, India, Iran, Russia, Sweden, Turkey, Venezuela, Finland and South Sudan, the lowest figure indicates South Sudan and the highest figures display Finland and Denmark being followed by Sweden and Canada in the list of the given countries. In the same list Turkey follows Argentina and Russia, however, is followed by China with a slight difference being ahead of Venezuela, Iran and India.

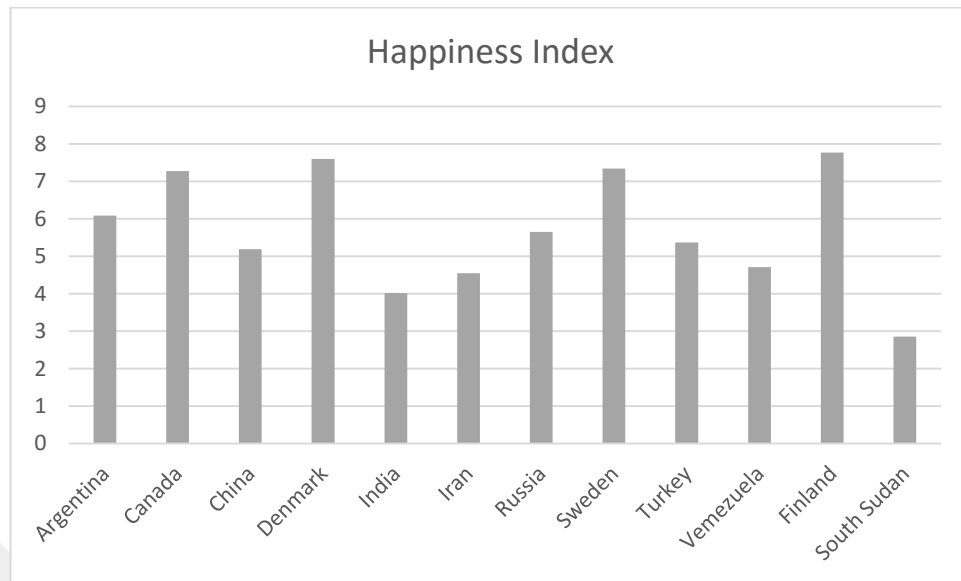


Figure 2.5: Happiness Index 2nd set of Countries

1.10. Correlation between Happiness and Voting

Since the purpose is building a happy nation, it is of concern to determine the political involvement of happy people. Interestingly, according to the research results, people with higher rates of life satisfaction seem to be actively involved in politics and have a higher propensity to vote for the next elections, nevertheless, are less inclined to participate in ‘negative’ forms of political activities such as protests. Researches conducted in USA, UK, China and Germany demonstrate that there is a correlation between happiness and inclination to vote. Thus, happier people are more inclined to vote and take part in political campaigns trying to contribute political candidates. Interestingly, the research shows that a one-point increase in satisfaction from life denotes an increase of 2% in the voting inclination for the coming elections in the UK. Nonetheless, by adding other variables related to the voting probability the dimension of the association shrinks largely.

According to the information provided by the ANES happier people are more inclined to get involved in political campaigns in the US to contribute the candidate politicians and surprisingly involving no negative form of political activities such as protests.

(World Happiness Report, 2019, John F. Helliwell, Richard Layard and Jeffrey D. Sachs p.49)

1.11. The Big Data Revolution

Data is the most significant point in decision making and becomes even more significant when it comes to economic decision making. The gap between academia and industry is clearly revealed when it comes to data and its analysis. Due to the fact that none of the academic institutions or the government has the access to the BIG DATA as the private enterprises such as Apple, Facebook, Google, academia and governments fail to make the most effective decisions for the lack of the required data. Thus, these companies can offer the desired products for the customers, while academia and governments fail to understand what the consumers truly expect to have. In the market mechanism by which the prices are set by the rules of demand and supply, it becomes almost impossible to make the right decisions without the required data in hand. On the other hand, the data is collected for the specific purposes. Thus, the data collected for one specific purpose may fail to explain the other, consequently, this turns out to be the complicating point.

Private institutions being the driving force in the Big Data revolution leaving no space for the government to actively participate form an alluring point of the mentioned revolution. As an undeniable fact, Google as a privately owned company gathered information about the places of living and the streets all around the globe, Apple Co. gathered the information necessary for the company to form and implement in its advertising strategy in the form customer app-movement tracking as a result storing the data on the base of billions of devices used by the customers. Not surprisingly, Facebook another privately owned company has the access to personal messaging, visual materials in the forms of photos and videos in the number of trillions. From the other perspective, collection of information about genetic profiles that actually can later on be sold to people in the form of gene charts revealing the information about their ancestors gives the private companies the most efficient chances of data analysis on genealogy which is highly effective in terms of philanthropic use of wills and inheritances which have not been specified. On the

other hand, the same set of information can be on a negative use with the information available on bankruptcy, criminal activities, and some confidential information or the type requiring higher rate of privacy, since it can be sold, this negative use is unavoidable in the form of blackmailing or providing the needed data for the second party interested in the form of employers or potential partners and so forth. Data being kept in private companies and quite frequently used with the sales purposes leaves the governments and academics in a situation with higher setbacks owing to the fact that these parties suffer from the insufficiency of necessary data and resources available in hand. GoogleMaps, Wikipedia could not be established by the academic institutions due to lack of necessary set of data, besides the fact that none of the academic institutions could have the access to the database tracking the people and their communication all around the globe as NSA. This leaves a huge gap between the world of academia and multinational organizations which are ahead of the former one with the commercial research units in a variety of fields, especially in the field of social sciences tracing the idea that private companies such as Google, eBay, and Amazon are more informed than any social scientist in terms of consumer purchasing behavior and concepts of similar kind. A very few number of academic institutions go for the agreements with Nielson or Facebook in terms of data sharing which are actually very rare and in some of the cases may result in certain kinds of issues as in the case of 2017 scandal of Cambridge Analytica. From the other angle, the data collection purpose of the individual data package may not fit for the analytical use and can cause the problem of incoherent interpretation due to the fact that depending on the purpose of the collection one set of data can sound like another language compared to another set of data ending up with misdirecting information for being stored in a variety of ways.

(World Happiness Report, 2019, John F. Helliwell, Richard Layard and Jeffrey D. Sachs p.113)

1.12. University – Industry Cooperation

The gap between the education and implementation of the knowledge in the industry is getting bigger and bigger every second day. The only way to reap the effective industrial outcomes is to reach the required knowledge and implement appropriately, which is only possible with the education-industry cooperation. Countries realizing this truth put best efforts to achieve the cooperation in the required level. Analyzing the figures for university-industry cooperation, it is revealed that USA and UK are the top countries in the list prioritizing the cooperation between educational institutions and the industry, being followed by Germany and Japan. Brazil and Turkey, however, are the least considerate countries in terms of cooperation between the university and the industry.

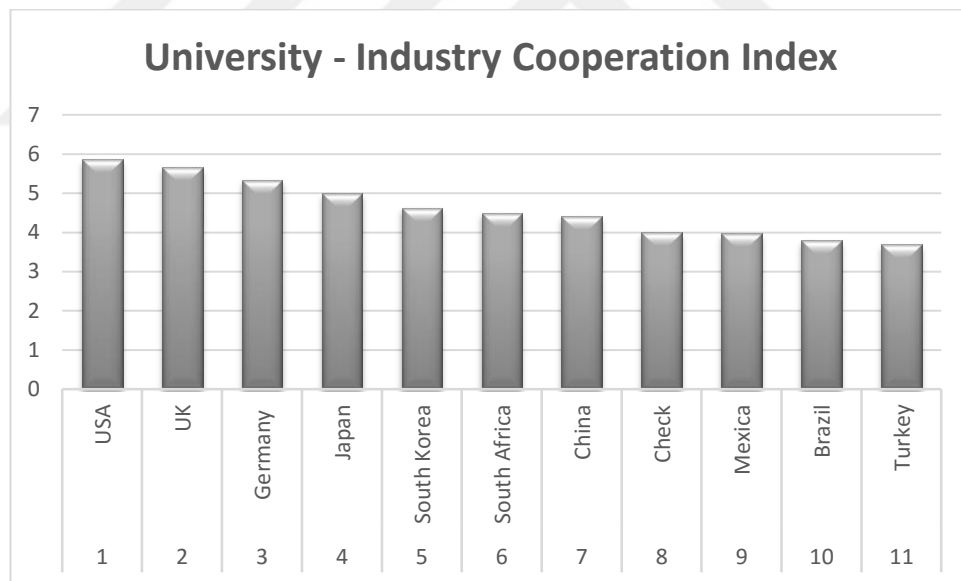


Figure 2.6: University – Industry Cooperation Index

As it is shown by the graph provided in World Economic Forum, the highest cooperation between the universities and the industry is achieved in the United States with 5.85% being followed by the United Kingdom with 5.67%. The least figure for cooperation is experienced in Brazil and Turkey with 3.8% and 3.69% respectively.

(Rethinking Industrialization, The Effects of Global Technological Development on the World and Turkish Economy, 2018, p. 156. Nurullah Gur, Sadik Unay, Serif Dilek)

1.13. Population Growth

Certain factors affect the population growth. 10 most important factors will be discussed, which are : female labor market participation, norms in the community, educational costs, cultural view about the family size, stability in the society, availability of contraception, policies of the government, standards for health care, net migration, and economic growth.

“... in the early stages of economic development tend to have higher rates of population growth. In agriculturally based societies, children are seen as potential income earners.”

Children are expected to work and reduce the daily cost of living in countries experiencing the early stages of economic development. Since they are seen as cheaper workforce for handling household tasks, collecting harvest and besides all, looking after the parents in their old ages, having higher child mortality rates in these developing countries parents are obliged to guarantee their future insurance by increasing the number of children in the family. This way children become the substitutes of the state pension in the developing countries having the agriculture-based economy. However, having welfare payments or state pensions in the developed countries children are not considered to be the future insurance for the parents, thus, it shrinks the family size.

“In developed countries, education is usually compulsory until the age of 16. As education becomes compulsory, children are no longer economic assets – but economic costs. In the US, it is estimated a child can cost approximately \$230,000 by the time they leave college. Therefore, the cost of bringing up children provides an incentive to reduce family size.”

Although in developing countries children are seen as an effective course of cost reduction, in developed countries they are expected to be educated, which is

quite costly. Having compulsory education till the age of 16, it becomes difficult if not impossible for the parents to have a higher number of children in the family, thus, they become obliged to decrease the number of children in the family to the minimum possible number.

“Gary Becker produced a paper in 1973 with H.Gregg Lewis which stated that parents choose the number of children based on a marginal cost and marginal benefit analysis. In developed countries with high rates of return from education, parents have an incentive to have a lower number of children and spend more on their education – to give their children not just standard education but a relatively better education than others. To be able to give children the best start in life, it necessitates smaller families. Becker noted rising real GDP per capita was generally consistent with smaller families.”

Social and cultural factors are of high significance too. “India and China (before one family policy) had strong social attachments to having large families. In the developed world, smaller families are the norm.” Traditions and culture in certain countries are of strong effect and this is one of the reasons for a larger family size in these countries.

“Increased availability of contraception can enable women to limit family size closer to the desired level. In the developing world, the availability of contraception is more limited, and this can lead to unplanned pregnancies and more rapid population growth. In Africa in 2015, it was estimated that only 33% of women had access to contraception.” With the availability of family planning family size gets more under control.

Triggered by capitalism women became the part of the workforce and entered the labor market, thus, it also affected the population growth. “In developing economies, female education and social mobility are often lower. In societies where women gain better education, there is a greater desire to put work over starting a family. In the developed world, women have often chosen to get married later and delay having children (or not at all) because they prefer to work and concentrate on their career.”

Another affecting factor is the level of medical provision. “Often death rates are reduced before a slowdown in birth rates, causing a boom in the population size at a certain point in a country’s economic development. In the nineteenth and early twentieth century, there was a rapid improvement in medical treatments which helped to deal with many fatal diseases. Death rates fell and life expectancy increased.” Having better health care standards life expectancy increases, thus, the death rate falls and as a result, the population growth becomes inevitable.

“Some countries biggest drivers of population growth come from net migration. In the UK from 2000 to 2013, around 50% of net population growth came from net international migration. Countries like Japan with very strict immigration laws have seen a stagnation in the population.” Migration is another factor affecting the population growth. This is not the same for all countries, but for some it is one of the most significant factors as in the case of the United Kingdom.

“In the post-war period, western countries saw a ‘boom’ in population, as couples reunited at the end of the Second World War began having families. The ‘baby-boomer’ period indicates population growth can be influenced by historical events and a combination of factors which caused a delay in having children until the war ended.” Historical factors, or wars are the factors of effect as well. Not only the family size but also population in general gets affected by the historical factors, especially wars during which usually most of the male members of the community die, as a result, equality in the number of the opposite genders is not experienced any more, besides, due to the loss in the number of people, population growth faces a stagnation period in general.

(www.economicshelp.org, Factors Affecting Population Growth)

CHAPTER 2

CAPITALISM

The response to the question “what is capitalism” would be as such: Capitalism is an economic system or, I would say, a form of economic management which requires capital goods to be owned by private individuals or businesses. To be more precise, individuals are welcome to decide what, how, where, when, how much and why to invest or produce, which directly means that no central planning is involved in a capitalistic way of management. This is believed to be the form of capitalism that can be considered the purest, in other words, laissez – faire, by which free market economy is meant. Free market place requires no government intervention, not any form of regulation at all. Decentralized and voluntary decision making plays the core role in economic production and the resource distribution. Once property is not owned privately, but instead shared publicly, the followers of the capitalistic way of economic management do believe that the problem known as ‘the tragedy of commons’ will emerge. By ‘the tragedy of commons’ they mean that having free and unlimited access to the common pool of resources by all individuals equally will lead to no incentive for conserving or reinvesting in the resources in the future.

Only the expectation of a higher level of benefit motivates the individuals for exchanging their privately-owned property voluntarily considering the fact that benefits are usually material ones. Trading in a voluntary manner is the engine driving activity in this system. A strong sense of competition is involved in the system with the desire of profit maximization. To get into details, in the system analyzed property owners compete for the consumers, who in their own turn, follow the principles of competition with other consumers who are involved in the struggle in order to get the product of the best quality available for the price intended. As a result, the supply and demand mechanism starts functioning to benefit both parties to the extent possible.

Free enterprise and capitalism are closely linked to each other. Despite this close connection in modern day reality, still their existence can be observed in separate terms as well, which means having capitalist system without complete free enterprise is quite possible as the opposite – having free market in non-capitalist system - is feasible. Comparatively, wealth accumulation, ownership and getting profit from the capital owned can be considered the main principle of capitalism while the central principle of free enterprise is considered to be freedom from state coercion.

Evaluating capitalism from another perspective one should consider its effect on economic growth. While taking this point into consideration, history proves that in subsequent centuries capitalist production paved a way to the mass production of better quality goods for a reasonable price, which in its turn enabled wide populations to have an access to better and cheaper products leading to raising living standards to a previously unbelievable extent for the first time in human history.

One should not skip the core role of equity, employment and efficiency in capitalistic terms. Considering equity, supporters of capitalism do believe that inequality itself is the key point triggering innovation which will then lead to economic development. People with the same belief also support the view that efficiency cannot be achieved in state-owned production due to the fact that the profit incentive is the driving force for innovation fueled by customer desire and demand in the marketplace. When it comes to employment, as state-run employment is not provided in a capitalist economic system, this lack results in higher unemployment figures during recession and depression periods.

2.1. Mixed system and Pure Capitalism

Pure capitalism, in other words, laissez-faire capitalism also known as anarcho-capitalism leaves all industries to private ownership and operation including public goods as well. Besides, no government regulation or supervision is involved in economic activities in general. In the standard spectrum of economic systems a complete planned economy, for instance, communism is placed at one extreme and

pure capitalism at the other. Every other form of economic management placed in the middle is considered to be a mixed economic system, which highlights that each form of mixed economic system has both elements of government in the form of central planning and the private business regulation in the form of incentive driven and unplanned operations. Despite being restricted to a certain limit such as laws determining minimum amount of wage to be paid, in other terms, minimum wage laws, prohibited products or contracts, legal tender laws, license restrictions, tariffs, quotas, windfall taxes, anti-trust legislation, subsidies, direct public expropriation and eminent domain when it comes to exchanging with one another, in general, however, property rights are recognized and supported in a mixed economy. Property owners face certain restrictions in different forms such In mixed economies governments also fully or partly own certain industries and operate as well, especially when public goods are concerned.

2.2. Crony Capitalism

In modern day reality being worldwide dominating form of capitalism, crony capitalism is known as a capitalist society basing its success determinants not on the free market or rule of law, but on the favoritism in which government steps in to support with tax break, grant or any other. Criticizing crony capitalism one can easily mention that besides being unfair and wasteful, it tempts politicians to break the law. Crony capitalism is the hot point of blame for both supporters of socialism and capitalism. As the former ones keep blaming the latter ones for crony capitalism being an inevitable result of pure capitalism, the latter ones, however, in their turn, claim that crony capitalism emerges as a result of the need of socialist governments having control over the economy.

2.3. Capitalism and Democracy

It is argued by moderate critics that despite economic growth having been brought under capitalism in the past, the same or similar trend may not be predicted for the future as well due to the fact that some of the principles of capitalism which are considered to be competitive ones making no concessions to greater political

freedom enable some regimes of authority to succeed in economic growth management.

While discussing how well capitalism promotes democracy, the question of inequality quite often emerges. The idea that capitalism offers freedom through economic freedom is questioned by the people being concerned about what or who decides whose freedoms are protected more, besides, following the questions how and why later on. As inequality is an inseparable part of the economic growth offered by capitalism, which is an inevitable consequence resulting in focusing on wealth destabilizing societies that are considered to be democratic, plus, undermining social justice concept being the main column of it, the support provided by capitalism on the promotion of democracy is debatable.

2.4. Market

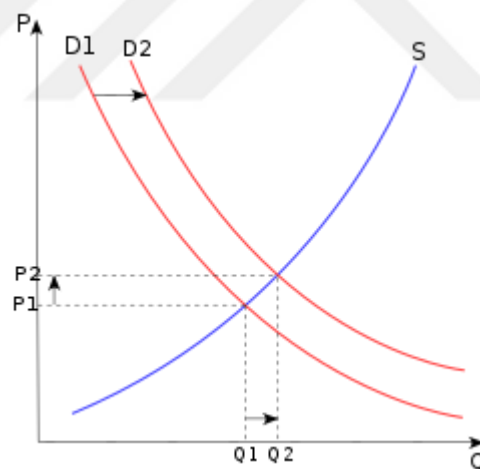


Figure 3.1: Supply and Demand Model

Figure 3.1 Describes how market mechanism works to determine the best price for the best quality possible with D meaning demand in the marketplace, S meaning supply available, P meaning price for the good or service demanded in the marketplace, and Q meaning required quantity of the good or service for the required price. Demand will shift in accordance with the price and output. An increase in demand will end up with the rise in output and price as well.

In free market capitalism or, in other words, laissez-faire capitalism no government intervention is observed over the pricing mechanism. Being nearly universal today mixed economies experience state regulation to some extent with the purpose of correcting market failing, promoting welfare of the society, conserving naturally available resources, funding public safety as well as providing necessary contribution for defense and so forth.

With no government intervention as mentioned above higher demand naturally will lead to an increase in the prices. Left to itself, operating market mechanism with no regulation having experienced shortage in supply will result in higher prices again.

A shift in demand will lead to a shift observed in the quantity and experienced in the price as well. But what determines this shift in demand? And the same question can be given for the supply too.

Supply determinants are production costs which involve labor cost, inputs, capital and resources used such as energy and time which can also be considered as an input, besides, expectations of the firm regarding the future price, and the number of suppliers. In its turn, demand determinants include income, choices, in other terms, preferences or tastes, the amount paid for related goods and services in the form of price, number of potential customers, and what consumers expect about future prices or income.

Meeting required price for the required amount is considered to have the market in equilibrium. In other words, under perfect competition conditions equilibrium is experienced when there is an equality in supplied quantity and demanded amount. Competitive or market clearing price is the one called equilibrium price, while the quantity of goods or services required under perfect equilibrium conditions is named as competitive quantity or, in other terms, market clearing quantity.

Partial equilibrium analysis, nonetheless, examines policy impact on equilibriumy creation within one particular market or sector that gets a direct effect and ignores the effect on any other market or industry considering their little impact

too insignificant to be taken into account in the analysis. Thus, the given analysis is considered effective in constricted markets.

Demand and supply are believed to be both microeconomic and macroeconomic concepts. Certain variables of macroeconomic significance, especially in the market economy being inclusive of general price level and total output can be explained by applying supply and demand for AD and AG which stand for aggregate demand and supply model directly. Same concepts are also applied in relating supply and demand of money to rates of interest, besides having the application of the above mentioned concepts in relating supply and demand of labor to rates of wage.

2.5. Role of Government

In face of competition regulator and consumer protector one will see the government stepping in to set competition laws. No government prohibition is observed regarding the place of work (firms are given freedom in choosing their place of work), property itself (firms or people are free in choice of what to have as an asset or possess), wages for the employees and prices for the products, although in a variety of countries laws and regulations regarding minimum wage – the amount of minimum income and minimum standards of safety – basics and essentials which are unavoidable in terms of safety and security are implemented.

Government in certain forms of capitalism holds various functions of economic use including public utility supervision, monetary utility, private contract enforcement. Trying to prevent the formation of monopolies and cartels, government sets competition laws in many countries. Despite anti-monopoly laws, in certain industries near-monopolies are formed by large corporations, as firms obviously drop the prices to the possible minimum figures for a temporary period and accept the losses for that period to prevent the entry of a new competitor and then increase the prices again once they feel the risk of entry has reduced. Electricity, fuel for heating, besides, communications being utilized by public may function in the form of a monopoly regulated by the government because of high economies of scale in a

certain number of countries. This is the government which has a huge role in the regulation of inflation and employment – 2 of the most significant economic factors. As crisis is an inseparable part of the capitalist way of economic management, government plays the most vital role in the regulation of these two above mentioned ones – higher unemployment rates and forms of inflation by regulating capital flow and using monetary tools for instance rate of interest.

2.6. Types of Capitalism

Being a region and country dependent matter quite diverse types of capitalism came into existence. Major points of variation are observed in institutional composition in addition to economic policies implemented. Major points uniting forms of capitalism are considered to be the profit-based goods and services production, profit-accumulation-centered structure and principally market-focused resource allocation. Several types include advanced capitalism, finance capitalism, mercantilism, free-market, social market, mixed economy (Rhine), state, corporate, anarcho-, community, state monopoly, tech-, welfare, and neo-capitalism.

2.6.1. Advanced Capitalism

The capitalist model having experienced deep and extensive development for a prolonged period of time reached its form called advanced capitalism. This form of capitalism has a certain number of distinguishing features such as the implementation of a nominal wage increase tending to calm the most hectic segments of the labor force, concentration of a production activity in several big companies, relying on government constantly for having an economically stabilized system, and formal government with democratic legality in state activities that also dissipates the opponents of this system.

2.6.2. Sustainable Capitalism

This form of capitalism which focuses on practices seeking to save the planet, also humanity, diminishing externalities having similarities with a capitalistic policy of economic management is quite frequently considered to have some ties with environmentalism applying continuous predominance to economic management and social-capitalistic factors too. In this concept, shifting to a more circulatory form, in which reinvestment of final product is into business and also, raw materials, is considered to be highly significant.

China has made great advances and contributions in this point. These shifts were triggered partly by a high rate of pollution and the population.

Sustainable form of capitalism, however, received its criticism by Marxist viewers claiming that without abolishment of capitalism it is basically not feasible to prioritize environmental sustainability, as in the capitalistic system production is made for profit. In their view, proper calculation in terms of production costs in social level demands certain planning in social point, which is doomed to fail within capitalistic framework, since society run by capitalistic rules with the focus on profit maximization is not designed to give up on individual interests for benefits of community.

2.6.3. Humanistic Capitalism

This is a form of capitalism keeping meeting human needs most importantly the safety and health needs of people and the environment as its central feature, requirement of which is blending of market-based economy into non-profit and for-profit sectors. Since philanthropy is a fundamental concept of humanistic form of capitalism, investors are expected to accept the decrease in financial returns compensating for the social needs to have a driving force in economic and social changes.

Philosophies of Humanistic Capitalism are promoted in the principles of JEP (Just Enough Profit) Foundation to create a kinder and gentler economic approach.

2.6.4. State Monopoly Capitalism

Being initially a Marxist doctrine the theory of state monopoly capitalism which is also referred as stamocap became popular after World War II. In this form government intervenes in economy with the purpose of protecting larger monopolistic or oligopolistic businesses from threats or any sort of expected damage possible. It is conceived as the final historical stage of capitalism of which imperialism of that period believed to be the highest expression in Lenin's pamphlet of the same name theory. The central Marxist-Leninist thesis develops the idea that giant businesses once becoming a monopoly in most highly significant markets seize government support and cooperation provision opportunity. In other words, authority figures focus on providing communal and lawful structure for these huge firms – conglomerate can effectively and efficiently operate. Having strongly-tied relationships between huge businesses and state, targeting integration of complete labor-union partnership is a point of debate.

2.7. Capital Accumulation

Capital accumulation is a money making process, or, in other words, growing sums of money through investing in production, which is one of the core points of capitalism. Financial capital is invested with the purpose of making profit after which it is reinvested for a further production in a never-ending process of accumulation, which is called the law of value in Marxian economic theory. The word “capital” is defined not only as money in this context, but also a financial asset which is invested in order to make more money or to get more benefit in the future in different forms including rental assets, rate of interest, capital acquisition or certain different kinds of possible regain.

Accumulation of capital is quite frequently associated with saving or profitable income investment, more specifically in terms of real goods. This accumulation has two consequences called concentration and centralization of the capital. In macroeconomic and econometric terms “capital formation” has frequently

been utilized in reference to “capital accumulation”. In national accounts term accumulation is very rarely observed.

Evaluation or measurement of accumulation is possible in different ways including financial estimate of investments, amount reinvested, value shift of possessions (capital stock rise).

Progress of capital accumulation hugely depends on the hurdles being removed for the expansion of trade. As a number and kinds of goods and services increase while the market expansion offers a higher rate of opportunities for trading, capital accumulation faces extreme developments. Nevertheless, resistance confrontation can also be the case when a selling or buying activity is refused by either party, for instance, strikes, resistance by clients.

While considering Marx’s views, one can easily observe that he does believe and prove his belief in his arguments that wealth accumulation is inclined to be centralized in wealthy individuals’ pockets.

Marxian economics defines the accumulation rate as estimate of real net rise in capital stock during phase of calculation, plus, ratio of surplus - reinvested amount of profitable income.

Regarding the right amount or proportion to save and to consume, endless controversies in economic theories emerge. Other things being equal, as an all-known fact, the higher rate of amount spent on consumption rather than saved results in the lower saving amount that will lead to a lower rate of accumulation, however, earnings spent on consumption will lead to a higher market demand, which in its turn will indirectly result in higher investment rates again. Considering both sides of the argument, one can hesitate to claim what the right proportion should be to save and consume for the higher rate of future capital accumulation. This is what leads a person to the idea of “periodic truth”. Getting into details, during boom periods of capitalism, investment is cumulative, one kind of investment leading to another in market experiencing sustainable expansion, simultaneously, extending the figure for employable people and increasing living standard of great many of individuals. While experiencing decadent and stagnant capitalism, accumulation process changes

the direction towards investing in armed forces, monetary speculation, besides consumption of luxury goods, construction. This is the situation in which amount received from products which are value-added declines favoring interest, tax, rent increasing the level of permanent unemployment. The higher rate of possessions enables one to acquire a higher rate of borrowing which definitely explains one factor leading to the widening break between wealthy individuals and ones suffering from poverty. Simply saying, the more you own, the more you can borrow, or, in other words, the less you own, the less you can borrow, which explains how wealthy nations get wealthier and people experiencing poverty become poorer.

This is Ernest Mandel who highlights that the rhythm of capital growth and accumulation significantly depends on two major factors, one of which is splitting product with social importance between needed and extra product. Second important split is division of the extra goods for consumption or investment. One cannot explain the consequences of the competing for capital owners, for capital owners and working class, among employees reflected by the allocation pattern described above by commercial factors owing to the fact that it involves certain social factors besides the power relationships.

When it comes to balancing growth of economy, diverse aspects need to be involved in procedure of retaining earnings to grow in relevant ratios, whereas markets are not able to have a spontaneous creation of this balance and factually this is the imbalance itself between supply and demand that trigger the business activity, in other words, inequality is believed to be the motor of the growth. The reason why worldwide economic growth pattern is uneven and unequal despite the existence of markets almost everywhere for a long period is clear to some extent. According to a certain group of people, it gives a clear view to the government regulation of market trade, plus, protectionism as well.

2.8. Critics of Capitalism

Higher unemployment rates, economic instability, unfair wealth and power distribution, social and economic inequality are a few of the major points of criticism of capitalism among some other ones. A great many of people find capitalism a system out of rationality for unplanned production besides economic direction paving a way to many inconsistencies and contradictions within the system. As a capitalist economy gives priority to profit and capital gathering rather than societal needs, while making not only major, but also the basic decisions related to the enterprise, capitalist enterprises not never, but very rarely include the workers in the decision-making process.

Some see capitalist governments as defenders of the interests of the bourgeoisie, besides being oligarchic in grain, owing to the fact that inevitable inequality is the characteristic of the economic progress.

According to some historians, capitalism is a contemporary slavery style. To be more precise, E. Baptist, B. Sven consider “slavery an integral component in the violent development of American and global capitalism “. New era of global capitalism paved a way to new forms of modern slavery. This belief gets the hugest support when it comes to migrant workers deprived from any type of civil rights which are provided for the local citizens at least to some extent.

While anti-globalization movement attacks many aspects of capitalism starting primarily with the corporate capitalism, environmentalists oppose the system due to its requirements such as continual economic growth, which in its turn will definitely lead to the depletion of the natural resources of the planet Earth ending up with the massive extinctions of the animal and the plant life. From their perspective, capitalism creates three highly significant problems named growth, consumption and technology. Firstly, the problem of growth is the consequence of core point of capitalism for taking accumulation of capital as a priority. Secondly, Technological innovation serves the system as a tool leading to a greater expansion in the future. When it comes to consumption, it focuses on the commodity accumulation neglecting the use-value of the production. They strongly emphasize that capitalistic

view towards concerns of economics of environment is not willing to consider natural resource preservation, which is vitally threatening in terms of both environmental and economic aspects.

Criticism to capitalism came not only from the economists, but also from the religions. Certain elements of capitalism experienced opposition by many of the religions including traditional Judaism, Christianity, and Islam. Despite developing alternative methods of banking, aforementioned religious views forbid lending money at interest. Criticism came from a group of Christians for its materialistic aspect and the inability to provide the welfare for all the people. P. Francis named this system “a new tyranny” and summoned leaders around the globe for advocate against the increasing unequal distribution and chances, also poverty.

However, proponents of capitalism claim that it creates an incredibly higher rate of prosperity and economic growth compared to any other economic system and it benefits ordinary people more than any other system could.

Capitalism is mainly criticized on the point of inability to create economic stability, to establish welfare of individuals, causing unsustained threat for world resources.

Defenders of the system usually substituted the word capitalism with free enterprise or private enterprise, and the word renter or investor was used instead of capitalist in their writings in the 20th century.

Although opponents of capitalism consider the system superior compared to the prior ones such as feudalism or slavery, they still claim that the system is supposed to fail until it provides equality and benefits everyone not a certain group of people only.

Profit is another element of the system that creates the disagreement and attracts criticism of a great flow. A great majority of them concentrate on the point that the profit motive is the key figure creating selfishness and never-ending thirst for making more and more in a never-ending competition not creating a rise in the net wealth and serving the public benefit.

On the contrary, Milton Friedman, an American economist considers greed and self-interest to be universal human traits. In his own words, “The world runs on individuals pursuing their separate interests.” and in his view, “only in capitalist countries, where individuals can pursue their own self-interest, people have been able to escape from ‘grinding poverty’.”

Socialists, as the ones opposing the capitalism more than anyone ever could, argue saying private proprietorship limits planning which brings results such as unemployment, huge waste while experiencing crisis caused by overproduction.

While considering opinions made by both proponents and opponents of capitalism, one can clearly see that every opinion is right from its own angle. Analyzing all sides, one both agrees and disagrees. Objectively assessing, the system has its own incredibly amazing features that are logically certain to be implemented, on the other hand, certain number of drawbacks can never be forgiven. Most will depend on how people prioritize the things. When it comes to me, I strongly opine that certain obligations can never be accepted as options such as universal responsibilities in front of the past and future generations including the current one as well. Before having an objective assessment and introducing the system worth being applied, all the systems should be assessed. Thus, we continue with the ideas about capitalism for now.

2.9. Capitalism versus Slavery

It has been a long period that selling human labor in return to wages is considered a form of slavery. Even the phrase “wage slavery” is quite frequently used for wage labor pejoratively by which livelihood dependence on wages or salary being total and immediate is compared to owning and renting a person. By the usage of the phrase, social stratification and labor exploitation are targeted to be criticized.

By the word slavery, they meant not only slavery to human masters, but also slavery to capital.

Notes of similarities between slavery and wage labor were Cicero old.

Cicero in his writing in 44 BC (Rome) says :

“Vulgar are the means of livelihood of all hired workmen whom we pay for mere manual labor, not for artistic skill; for in their case the very wage they receive is a pledge of their slavery.”

Industrial Revolution led certain people of thought who are Karl Marx and P. J. Proudhon to compare wage labor with the slavery in a criticized context.

In his own words, in slavery the slave was sold to the owner who would possess the slave in total in which his labor would be no exception, while being compared to wage laborer living in the era of capitalism who sells himself in pieces to the capitalist class.

Marx considers wage labor foundation of capitalism. Thus, he says

“Without a class dependent on wages, the moment individuals confront each other as free persons, there can be no production of surplus value; without the production of surplus-value there can be no capitalist production, and hence no capital and no capitalist!”.

Existing property not being intended to be actively used, ownership concentration in a few hands only, workers not having a direct access to the production means and the consumption goods, continuance of an army of unemployed workers were the major concerns that brought Marx and other thinkers such as Mikhail Bakunin and Peter Kropotkin to the same approach.

2.10. Capitalism with its Pros and Cons

Before assessing Capitalism objectively, it is of great importance to re-mention what capitalism is truly about. The system functions with the incentive to maximize profits by minimizing costs with the most effective use of resources. While trying to achieve its goal, in spite of having certain incredible outcomes, the system also malfunctions under certain circumstances. Getting into details, advantages and disadvantages of the capitalistic way of economic management will be revealed.

2.10.1. Advantages of the Capitalist Economies

2.10.1.1. Competition

The sense of competition is one of the common characteristic features of capitalism paving a way to the best product provision for the consumers. Defining the best product, one can see that it is the good containing maximum possible quality for minimum possible price. Consumers have tendency in paying for best product and companies intend to maximize their profit, thus, the only way to obtain that golden point is to provide the product with the quality consumers expect for the possible price they are willing to pay. Companies tend to cut costs to maximize profit, hence, provide the product for the expected price. If one company fails to do this, the other competitor will eat out the profits lost by the previous company failing to obtain the golden point in a perfectly competitive market conditions. This sense of competition is what puts pressure on companies to cut costs and avoid waste in order to achieve maximum result by being efficient and innovative. As a result, consumers get improved quality of goods for a reasonable price. Competition does not only pave way to the improved quality of goods, but also creates the variety of products available for the customers.

2.10.1.2. Private Property

All individuals are entitled to own assets, which means in the capitalist system they have the right to own their house, car, radio or anything else they wish to have, even stocks and bonds too.

2.10.1.3. Self-interest

People are believed to become the most productive by gaining the amount required to be earned to obtain their political and financial freedom. In the capitalist system, individuals are free to pursue their own good without having any political pressure or neighborhood considerations regarding their activities.

2.10.1.4 Freedom of Choice

As a consumer, an individual has a right to decide which products or services they are willing to get for which price. As an employee, individuals experience freedom of choice when deciding which company they want to work for and what amount of payment they want to receive as an exchange unit for their labor offered for the company opted by them. Additionally, as an entrepreneur the individual is free to decide which business he is eager to start, where, when, how and what goods or services he wants to provide having proper investment.

2.10.1.5 Innovation

As creative people and firms are motivated and given awards in the capitalism, due to its forcing efficiency and increasing competition, it turns out to be an important factor triggering the growth of the economy.

“A society that puts equality before freedom will get neither. A society that puts freedom before equality will get a high degree of both.”

— Milton Friedman

2.10.1.6. Political Freedom

Controlling all the factors of production and setting the price government creates a central management that can often get involved in almost all aspects of the citizens' life. Compared to a capitalistic society, a communistic one experiences less political freedom due to trying to keep the centralized government powerful. It is quite clear that economic freedom paves a path to political freedom.

2.10.1.7. Efficient Allocation of Resources

As production is demand-based in the capitalistic system, no company is willing to provide goods or services not intended to be bought by anyone in the marketplace. As the incentive of efficiency is the driving force in the above-mentioned economic system, any firm not following the rule of the market, which means operating inefficiently, will go out of the business by meeting higher costs not feasible to be paid ending up with no or almost no profit in hand. Considering state-owned firms, it is obvious that those ones are not highly eager to eliminate surplus laborers besides having less motivation to apply innovational practices of work, thus, ending up with being more inefficient compared to the capitalistic business approach.

2.10.1.8. Limited Government Intervention

Lower taxes and less government intervention is what stimulates the free market in a capitalistic society. Governmental role is limited to citizens' right protection, not intruding their personal liberties and affecting their choices.

2.10.2. Disadvantages of Capitalist Economies

“Capitalism is the astounding belief that the most wickedest of men will do the most wickedest of things for the greatest good of everyone.”

- John Maynard Keynes

2.10.2.1. Marginalization

In a perfectly competitive and completely capitalistic society there would be no space for the old, children and the disabled ones who are no longer able to obtain certain skills required for the modern-day trends in the workplace. Logically, no private company would have an incentive to provide goods or services for the ones who have no money to pay for it. Goods and services with positive externalities such as, health, education, or public transportation will be under-provided by a capitalistic society.

2.10.2.2. Externalities

When it comes to negative externalities such as pollution and health damage, it is ignored by the capitalistic system. As long as it is cheaper and effective in the short run, capitalists will support the idea of getting benefits, as this is not capitalists themselves, but the country or the society that is going to pay the long-run costs. Illustrating an example, a mine company, being aware of the fact that all the activities have a vital effect on the local ecology, community, and the environment as a whole, will never be willing to pay higher costs to protect the nature, instead, they will be more interested in dumping toxic water and polluting the air so as to achieve the goal of profit maximization set by the capitalist system. As a result, capitalistic economic activities will diminish non-renewable natural resources.

2.10.2.3. Monopoly Power

As private companies possess production factors, system enables them to obtain monopoly power. Companies gaining monopoly power take the advantage of charging higher prices by which also the discouragement for being innovative emerges. Thus, consumers left with no choice, but pay the price demanded indirectly against their will are obliged to give the required amount despite its being too much and causing abnormally high profits for the monopolist.

2.10.2.4. Monopsony Power

It is an undeniable fact that in the capitalist country unequal rights and opportunities between capital proprietors and employed ones are the point of a naked eye. Firms with monopsony power are enabled to pay lower wages to the workers.

2.10.2.5. Profit Focused Production

Being addictively concentrated on profit ends up with unequal division in matters of economic significance also social vitality in society. Since individuals pertaining factors of production tend to have a higher rate of capital accumulation, which is one of the main concerns of the system, get richer and the working class stay poor if not getting poorer as a consequence of economic inequality.

2.10.2.6. Financial Instability

The economy suffers from the instability due to cyclical nature of the capitalistic system. Boom and bust cycles considered as natural periods of the capitalism cause expansion and growth in boom periods, however, during that natural long recession period one can lose their job, decrease living standards if not get broke at all.

On the other hand, because of having no coordination between production and consumption activities, inflation, deflation group of problems become inevitable in the system.

2.10.2.7. Workforce Limitations

Theoretically, production factors had better have an ability to shift unbeneficial utility to its beneficial form. Nonetheless, this function does not work for the labor force. For instance, a farmer who has just lost his job cannot take a bus to a big city to start working as a waiter or a manager in the office immediately.

2.10.2.8. Neglect of Social Benefits

As the system is called CAPITALism, it has the CAPITAL as its central feature showing no noticeable interest in socially beneficial activities, for it is not a moneymaking machine. Thus, providing goods and services for social benefits is left to the government to create the wellbeing for the needy ones.

2.10.2.9. Emphasis on Consumption

The freedom to decide what, how, when, where and how much to produce enables the market to have a self-regulation mechanism, which means there is either no or almost no government intervention. However, this mechanism does not actually guarantee basic needs of a person to be provided fully or at least to some extent. The system works based on the supply-demand model theoretically. When it comes to reality, it is an all-known fact that capitalism is ever in-motion and this results in equilibrium to be met not in all periods and conditions. This is the first point.

Secondly, for the system to operate properly consumers should buy constantly, in other words, there should be constant consumption, which is highly difficult to obtain in ever-changing system of production due to highly competitive environment and innovation. Hence, to keep the consumers on track the producers are obliged to create artificial demand to increase the consumption or at least maintain in the same level. In other words, consumers are pushed to buy the things they do not really need such as luxury things or not that much. So by the focus on consumption, producers try to affect either the thing (what) or the proportion (how much) of what the consumers buy by using tools such as marketing and advertising.

2.10.2.10. Competition

Surprisingly, many features of capitalism illustrated as a driving force or a positive consequence may end up being negative as well. In this case, this is competition, which is one of the central features of capitalism leading economy to

the expansion and growth. Although it is not as pure as water, this is known by all that drinking too much of that will bring negative consequences. When it comes to competition, it is enough to be much to trigger the setbacks preventing system operating properly. Competition as a feature is quite advantages, until it is necessary. While observing economic activities in the system, one can clearly notice that under certain circumstance this competition is either too much or unnecessary, which causes wastage of resources. As a final note, the system chosen for the most efficient use of resources saves certain resources on one point, later, wasting them on another. In other words, wastage just changes its form and timing, whereas stays not exactly but relatively the same in proportion.

2.10.2.11. Erosion of Human Values

As profit turns out to be the central feature of the system focusing on the capital accumulation leaving no space for incentives in social benefits, gradually the system leads to the erosion of human values changing the social and cultural values and the ways of behavior in the community.

2.10.2.12. Unemployment

As mentioned above, interestingly, certain positive features of capitalistic way of economic management can end up being disadvantageous as a result. In this case, it is the profit motive. Since it operates as a system, effects of one point on another are unavoidable. Left to itself, profit motive is a positive feature driving the economy to get to a higher point. When it comes to cutting costs with the purpose of making more profit, since paying the workers is the main concern for most of the entrepreneurs as it is seen as some sort of a sunk cost (once you pay the worker that certain amount, that amount is gone. So they try to pay less and save more, “logically”), which ends up with the employees getting low payment. But this “logic” is limited. To be more precise, as has been said previously, within the system every single point has an effect on others. Employers paying employees less amount trying to save more create less purchasing power. Now, consumers receiving less amount compared to previous times start cutting their costs as well by not buying

more or not buying certain products or services. That in its turn is what brings less aggregate demand. For the market operates centralized on supply-demand rule, less aggregate demand brings less production. Not surprisingly, less production ends up with unemployment leading to more and more negative future consequences until the touch of the magic hand – in this case – government.

2.10.2.13. Class Conflicts

Expectedly or unpredictably but as a result, social and economic inequality created by capitalism leads to the emergence of class conflicts. Interestingly, negative consequences of capitalism do not pose on the point, but instead, create a cluster of similar or related other negative outcomes. Once focus is on the problem on the spot, while being about to solve the issue causing stagnation or some other sorts of problematic events in the system, one experiences that there are some bigger problems popping up creating a bust of problem basket.

2.10.2.14. Waste of Talents

As the system operates based on the law of demand and supply, the talents in requirement also are obliged to meet the demand, which means having incredible talents does not really matter unless they are in the interest of the majority or demanded in the marketplace. On the contrary, certain types of activities - I would even feel ashamed to name these ones talents – due to being in higher demand are supplied in the market and acclaimed by many.

2.10.2.15. Higher Costs

It is a really unique and unbelievable feature of capitalism that one point mentioned as an advantage pops up to be a disadvantage at the same time, well, not directly but indirectly, due to the fact that this is an uncontrolled – or controlled by an invisible hand as mentioned by Adam Smith - systematic operation. Getting into details, the system is supposed to provide higher quality goods and cut costs, however, huge spending on publicity end up in a rise for the spending directly

affecting goods price. If the question “Why do we have heavy expenses on publicity?” arises, the answer is “This is a perfectly competitive market”.

Additionally, manufactured food products making people fatter, sicker and short-lived are acclaimed under the name of “growth”, besides global warming triggering higher frequency of tornados, that demolish towns besides living creating huge damage be repaired by economic activity later on is also believed to be “growth”. What is seen from the arguments provided above is that under the name of growth and innovation, just another form of waste and extra unseen future costs are created.

2.10.2.16. Wealth Inheritance & Inequality

Capitalism supports private proprietorship, enables it to pass for next generations. There is debate about capitalism being a fair system as one can gain rewards based on their hard work, on the contrary, quite usually individuals are wealthy either for being born in a rich family, or inherit wealth from the previous generation. Consequently, capitalism failing in building equal results, in parallel does not succeed in creating equal opportunities.

2.10.2.17. DMU of Wealth

In capitalistic perspective, it is beneficial to earn more, although it leads to the inequality of income and wealth. In contrast to this, diminishing marginal utility of wealth is ignored, which means 1 extra million dollar not making any sense to a billionaire creating too little economic welfare, still means quite a lot to the healthcare system of the country creating almost a boom in the social welfare.

2.10.2.18. Theoretically Expected, Practically Experienced

Gross domestic product, in its common form – GDP is the most basic measurement of growth in the economy. Growth of output lead people to the idea of

economic growth. They used to believe that increasing the number of goods or the amount of production economic growth would be achieved. Later, however, experiencing higher figures in GDP but still not getting to the previously desired position, people and, especially economists worldwide started questioning the notion of growth and its relation to GDP. Thus, some countries tried to reveal the figures of real growth by identifying gross national happiness index – GNHI. They had already understood that growth in production did not mean growth in welfare. That was what started questioning the primary target of the system – to produce more or to make things better. As already understood from the figures provided for that time being, economists came to the conclusion that more did not mean better.

Ongoing arguments found no conclusion and kept on even after 1959 when economist G. Debreu from France revealed value theory in which he says:

In markets under competition and people rational with good provision of required information everything is clearly sorted out where reflection of prices is seen in rule of supply & demand with the allocation for welfare maximization with one coin increase in one directly affecting one coin decrease in the other.

However, 21st century view economy reveals that the system is dynamic, ever evolving and highly complex in which, markets can produce efficient and creative results as well, not always as efficient as expected. Secondly, people can be wise enough to make right economic decisions, although in some circumstances they are quite far from being rational either due to having lack of information or having a different concept of rationality from the one economists have. Thus, if the market is inefficient, and consumers are irrational, 1900s belief about value price equation fails leaving a red light on the idea that the terms such as value, wealth, prosperity and growth should be re-analyzed.

Prosperity is not money, but solutions, resolution of individuals' conflicts turning their living into easier and better ones in quality.

Harvard Business School Press reveals the idea by explaining a person living in a remote village with huge amount of income, but having difficulties meeting basic necessities such as electricity or others of similar kind is not a prosperous one, is just a

person with money. The same can easily be applied for a nation or country. Having more money will just mean having more money. Producing more will just mean producing more. What prosperity truly is, will be defined by the sentence: *Prosperity is not money, but solutions, solutions to human problems to make their life easier and better in quality.*

Inventions such as air-conditioner easing human struggle against heat, or having the provision of information with one click-access instead of waiting in long queues in libraries just to learn one piece of information or some other similar examples are what is meant by prosperity.

As one single point, such as temperature only cannot be the determinant of a health condition, one indicator such as GDP cannot determine the health of the economy properly. Thus, instead of a basket of goods a basket of solutions should be the determinant of a proper functioning system.

All in all, accepting prosperity as solutions to the human problems trying to work out a system that will provide it in the best quality and the fastest speed possible, one ends up with capitalism providing ways out for its certain features triggering incentives to find the best solutions (except for the fact that financial concern is the central trait of the system). It can be considered the highly efficient social methods applied for increasing life standards.

From the orthodox angle, efficiency is the key element of survival of capitalism. However, for an ever-improving intricate system, effectiveness is the main factor of its survival. Factually, the greatest tool of capitalism is feature of creative approach, being the same feature causing the system to be hugely inefficient and evolutionary but wasteful as a process.

While creating a problem-solving system problems solved pave a way to another kind or form of related or totally new version of problems. The situation leaves the individual with the thought whether problems should be solved or left to existence as they create a new set of problems sometimes even bigger ones for the other people, in certain circumstances for the same individual too. As these unseen future problems

cannot be predicted beforehand, the system urging to solve current problems results in the creation of the other ones unknowingly.

From another angle, anything left with no regulation or control is destined to collapse. However, as regulation restricts innovation the system becomes unable to function to create new solutions to the immediate problems in the society.

All the above-mentioned aspects leave capitalism as an ever-debatable system with its pros and cons.



CHAPTER 3

SOCIALISM

Socialism is a socio-economic system with proprietorship of the production means by public being its central feature. Social proprietorship varies in kinds such as of collectively, cooperatively, publicly owned or possessed by the citizens. Various forms of socialism cannot be united under one definition, however, all forms have a common point of social ownership as their central feature. Having market, non-market types, aim of the latter form of socialism is to outsmart profit-related crisis and inefficiency plus capital gathering, besides, this form of socialism substitutes money and factor markets with engineering or technicality as result of which produces an economic mechanism that functions on the basis of the different economic laws from those offered by the capitalist version.

On the contrary, former one, to be more precise, market type of socialism maintains utility in money for prices, factor markets plus under certain conditions motive of profitability as well. Profits generated by functioning of publicly possessed enterprises plus allocating capital goods would have direct regulation by labor force operating in every company, possibly as social dividend.

Having both a nationalist and internationalist orientation, socialist politics is present both in industrialized and developing nations. Social democracy having welcomed mixed plus market economy accepting significant government interruption in re-dispersing income, regulating, besides being state of welfare, is compared to democratic economy in which market socialism form involving company, currency, investment control and regulation decentralized over natural resources is proposed.

Early socialist thought was highly affected by a various philosophic ideas for instance Christianity (including both kinds), natural rights theory, economy of liberal politics. Positivism in Enlightenment period in Europe was another basis for the early socialist thought.

The central target of socialism is achieving maximum material production rate, on the basis of that a greater productivity besides efficiency and rationality in comparison with all other previous systems including capitalism, with the belief that core of equality and liberty disperse in society is widening human ability for producing. Most forms of socialist theory support view: surrounding shapes behavior patterns to a great extent, especially when it comes to social norms, culture, financial practices, in a socialist approach they do not perform to be consequence of unaltered natural law, but social creations.

In a socialist attitude towards creativity, it is one of the central aspects of human nature, viewing freedom, on the other hand, a state of free expression of that financial scarcity should not be an obstacle. Individuality, in its turn, in social concept is associated with creative thinking observed in an individual. In Marxian approach, reduction of the necessary working hours, in other words, labor time to the minimum possible amount would provide the individuals with the opportunity of pursuing the development of their true creativity and individuality.

3.1. Socialist Views against Capitalism

The main argument of socialists against capitalists is the fact that capital accumulation results in wasted resources requiring highly expensive correcting dimensions afterwards due to externalities, besides mentioning another fact illustrating the conditions also creates wasting deeds plus industries existence of which is only for the purpose of generation sufficient requisite of the produced to be marketed for profit, illustrating the sample of highly pressuring advertisements.

Additionally, socialists strongly oppose the irrational activity which they consider capitalism to consist of. Purchasing commodities with the purpose of selling at a later time to make a profit, instead of direct consumption is assumed irrational by socialists. As goods are not in sell for people of need, socialist believers criticized capital accumulation purpose which does not really satisfy the true demand in a socialistic view. Since it is the fundamental criteria in the capitalist system to save to invest in the production, in other words, accumulation for reinvestment, supporters of

socialism have a strong argument against the above mentioned feature of capitalism due to the reality that reinvestment in non-productive industries, which solely has existence to maintain system in flow, as , taking things differently, crises becomes inevitable, providing example of field of finance contributing with economic bubbles, produce no use-value.

Considering the private property highly supported by capitalism, it is argued to constraint economic production capacity from socialist point of view. Due to individual proprietorship putting limits for economic programming which leads un-coordination in decision making in economic terms resulting instability, joblessness, squandering materials owing to overproduction while experiencing “the crisis of abundance”, socialists offer common ownership of the socialized assets.

Another point that capitalism gets the opposition from the socialists is wide gap in dispersing financial resources, which leads to instability and inequality in community creating a large difference between people with and without access to a higher amount of money, later corrective measures for which may be quite costly for the government in the form of redistributive taxation, for instance.

From a Marxian viewpoint, creating socialist model will be sole solution to defeat insufficiency. Socialist people, in general, especially Marxians strongly claim, disagreement between laboring group and the asset owners hinder possible efficiency in labor utility leading to opposing expectations, namely business plus labor, eager to impact central intervention for their favor at expense of the overall economic efficiency.

Criticism came to capitalism from the early socialists, especially utopian and Ricardian ones for strength and money concentration being in tiny portion of people, besides which capitalism is argued to have no proper utility of materials, advanced tools in hand in full capacity for public favor.

3.2. Marxist View to Socialism

In Karl Marx and Friedrich Engels's view, as rising inner oppositions exposed as a result of improvement in technology and production power paved a way to capitalism, socialist belief could come as a historic need as well.

Again in their view, consciousness of the ones who earn wages or salary, or in Marxian terms, working class, will get them to the point of dissatisfaction with the wage slavery conditions, leading to the desire of seeking liberty throwing production tools ownership by capital owners plus as a following step of that overthrowing the state upholding this economic order. In this belief, social and economic conditions will set rational awareness, end of capitalistic order leading final no-class community. In Marx's concept, it is special period of history to replace capitalist system before reaching communist one. In this regard, in socialist system economic activities will still be organized by the incentives systems use and the existence of classes will continue nonetheless comparably to a lessened and shrinking level in comparison with order in influence of capitalism.

In orthodoxy Marxist views, socialist ideas being based on principle of "from each according to his ability, to each according to his contribution" is considered to be an earlier communist category having a base idea- "from each according to his ability, to each for his needs", which can only and only be achieved after the development of socialism to an extent that will provide efficient and automatized production leading to product fertility.

Late-19th-century-Russia remaining semi-feudal experiencing earlier stages of industrial capitalism was the major concern of the Russian Marxists of that time. In Marx's view, for Russia direct conversion to socialism is quite feasible, however, capitalism is considered crucial as a period to be experienced for advancement in terms of economy and course of history among Marxists. Considering differently, it is required for the production capacity to defeat the need and for the working class to revolutionize for liberty.

3.3. The Governmental Role within Socialist System

Governmental role expected in the socialist system according to socialist beliefs took various points depending on stages varying in revolutionizing battles, in building one and an already built socialism.

That was German political philosopher Ferdinand Lasalle who rejected Marx's ideas regarding governmental role in socialism in the 19th century. In Lasalle's view, the state is considered an institution free from class plus a justice tool essential to achieve socialism rejecting the idea that government is an organization centering its power on classes with key feature of preserving current class order, which was pointed out by Marx.

The view of benefiting from the government in point of centralized programming plus possessing production tools as a way in establishing socialism was opposed by a rising number of socialists including reformists, orthodox Marxists, libertarian branch of socialists, anarchists.

Concept - "state socialism" experienced a rapid growth and spread throughout a socialist movement after the Leninism victory, after which started being associated with SEM known as Soviet Economic Model.

That was Sir J. Schumpeter who opposed socialism, state proprietorship association for production tools. He believed that with its current form the state was a capitalist product, in other words, the creation made by the capitalist system, which cannot and should not be transplanted to a different framework of management. The concept behind his argument is that socialism should establish its own institutions different from capitalism as comparably feudalism had its own unique and distinct forms of institutions. In his view, the concepts like government, taxation or property were ideas excluding a community of commerce and having implemented in coming socialist system would bring end of those ideas due to misapplication.

3.4. Reform versus Revolution in the Socialist Concept

Comparing the concepts of reformism and revolutionary socialism, the former one is identified democracy in socialism, believing that in parliamentary elections once elected, socialists within the capitalist society use the government machinery aiming to impose socio-political reforms to ameliorate capitalistic instabilities and inequities, however, the latter one aims at the complete plus swift transforming in whole-class-society by working class.

3.5. Socialism in an Economic Sense

Socialists approach to economic management starts from the belief that there is no individual living or working alone, for people cooperate with others. Moreover, every kind of production made by individuals is to some extent socially produced since all play a role in producing in one way, another, and this is what entitles every member of the society to a share in profit made by the production. In essence, socialists claim that for the aforementioned points, social ownership or monitoring over assets should be implemented to profit every member of society.

In authentic socialist concept production is made directly for consumption, in other words, the main purpose of producing the commodity or service should be using them, which called value of use in Marxian terms or classical ones, entailing to end rent, interest, profit and money as capitalistic economic categories. Producing or balance of input/output is considered technical procedure run in a developed socialist society.

Regarding production means ownership, it can be realized in various forms such as direct ownership which means through worker cooperative the users of the productive property become the owners; commonly owned which, in its turn, means that production means are owned by all society delegating management and control of the production means to the operators, in other words, the users; public ownership meaning production means being owned by a state apparatus. The latter one refers to enterprises owned by government, nationalization, municipalization. Nevertheless,

economic libertarians besides right ones consider individual proprietorship a natural entity and moral right according to which publicly possessing production tools, establishing corporations plus centrally-planned economy can only be restrictions on freedom which can never be accepted and supported by them.

In terms of organizing and monitoring operations in institutions, self-regulatory system providing equality in strength-connection at work will enable each person to own a say at making a decision at workplace plus take part the establishment of the overall objective policies of the firm. When it comes to the hierarchy in the workplace, socialist management style will annihilate hierarchy of monitoring leaving some space solely to the hierarchy built over knowing which is technical. Thus, technical specialists forming company hierarchy establishing programs and work directions for community for being accomplished will carry out the policy and goals of the firm.

Due to the fact that system of economy with non-use of money, monetary counting and pricing in market ends up with the lack of necessary information to calculate economic activity for which the system becomes unable to operate, coordinate production and value the capital goods effectively, in the view of Austrian school of economic thought these types of socialist ways of economic management are doomed to fail.

On the contrary, K. Marx, R. Owen, John Stuart Mill, J. Proudhon advocate different kinds labor credits which unlike money cannot become capital and be used in the allocation of production process resources, whereas like money will be used in the acquisition of consumption units.

In the viewpoint of Leon Trotsky, a bolshevik revolutionary, monetary historic mission was obliged to be eliminated, which means to be in use till the redundancy of its function eventually becoming a bookkeeping receipt for a statistician which would be an only role of money for a while to be doomed to be eliminated in the more distant future.

3.6. Planned Economy

As an economic kind in which production means are publicly owned, coordination besides dispersing happens with economically programming which has two key kinds of economic programming namely de-/and centralized planning. The economic system of the Soviet Union is believed to be the most prominent example of the planned economy with centralized planned economy usually associated with the 20th century communist state combining with the single-party model of the political system.

Centralized planning of the economy requires a planning agency which is responsible for the in-advance production-based decisions including types of goods and services and the identification of the appropriate amount necessary to be provided for the community.

The economic systems applied in the Soviet Union and the Eastern Bloc due to economic coordinating being taken by orders, plus, goals of producing, are categorized as “command economies”. However, further studies on the actual functioning of the system of the Soviet Union conducted by economists in diverse views of politics indicate that economic system in SU - Soviet Union was not a planned economy model. After studies conducted the words “managed” or “administered” were suggested by the economists to be used for the case of Soviet Union economic management instead of the word “planned”. Since instead of the application of the conscious central planning, modification of the centralized planning was implemented by the localized agencies leaving the original plan unfulfilled, the studies demonstrate that the programming institutions, ministries and firms adjusting while formulating plan, which was not preceded in the application process.

Despite central planning being strongly supported by Marxist-Leninist groups, some including L. Trotsky opposed centralized planning for de-centralized one. His claim was that centrally planning ones become incapable in replying indigenous economic situations not depending on potential of intelligence for coordinating entire economic activities and operating not having precise knowledge

about the economic conditions. For the fact that information about the entire economic activities cannot be generated and applied effectively by a single central body to formulate a plan for the whole economy, state socialism is considered to be unfeasible in this view, since operating this way would lead to distortion or the absence of the price signals.

3.7. Self-managed Economy

Allocating resources and making economic decisions based on a decentralized mechanism is the central feature of the managed by its own or de/centralized economy being built over autonom articles of economy which are self-regulatory.

Alfred Marshall, John Stuart Mill, Jaroslav Vanek like some other classical and neoclassical economists were among the supporters of the economic model. Elimination of exploitation and the reduction of the alienation being the main aim of the model, it has several variations such as management by itself inclusive of labor/worker - managed firms.

Guild socialism originating in UK having its highest impacting period in 1st 25 years twentieth, was act of politics supporting employee monitoring over field by intermediary of trading-connected associations, which being highly impacted by W. Morris's views was associated with G.D.H. Cole.

The cooperative economy is one form of the system, to be more precise, free market type where this is the employees who regulate the corporation activities, and steps of rewarding and work division related decisions are made by them in a democratic sense.

Production tools are possessed by organization to be lent to employees involved in the production process having usufruct rights.

One other form of decentralized planning is computerized utilization to control economic input distribution, by other means, use of cybernetics. With Cybersyn data sharing project between consumers, state and enterprises was

experimented by the government of Salvador Allende in Chili being the socialist-run government.

Participatory economics is another and more recent form of decentralized planning which requires the planning process to be run by the councils of workers and consumers. In this model remuneration process was solely dependent on the effort and sacrifice made by the workers, by which it is meant that the ones engaged in the most dangerous, risk-taking activities requiring strenuous work with the least comfort provision, will receive the highest amount of income besides working less.

Considering the contemporary model of self-regulated non-market socialist economic management, Pat Devlin's model of negotiated coordination being based on social ownership of the assets by the ones impacted by the usage of those leaves the decision making to the ones at the most localized level of production.

Based on collaborative self-management, common resource ownership, use-value production through free producer cooperation having an access to the capital distributed, another alternative to the capitalist and centrally planned economy by Michel Bauwens's mode of production is identified by advent of act for open software besides producing p2p.

Anarcho-communism is an anarchism theory advocating the state and private property and capitalism to be abolished offering collective owning productivity resources. Anarcho-syndicalism had been experienced at Catalonia besides some different spots of Spain during their rebel for war among citizens of Spain. However, in Socialist Federal Republic of Yugoslavia the economic model was a market-based allocation system in which production means were owned by the society besides experiencing self-managing operations system in the firms, which replaced the centrally planned system of the Soviet kind with a decentralized one.

Considering Marxian economist Richard D. Wolff's ideas concerning the economic model alternative to existing capitalist or socialist models, his main argument is that the production process should be reorganized so that the collective self-direction of workers is achieved. This is what, in his belief, may enable the society to experience the prosperity that will take the society to a level higher than

achieved in the previous century by capitalism and state socialism both. In addition to his claim, he also strongly points out that it can lead to another milestone in human history such as previous transition periods experienced during feudalism and slavery exits. Illustrating an example, he argues that Mondragon is that expected altering capitalism's way in organizing producing process.

3.8. Government-driven Economic Management

Substituting worker councilers and democratic attitude at work that can be professionals who control firms for the public interest on the behalf of the society.

This feasible approach advocates government possessing production tools which is considered transition period for capitalist - socialist or just a final target of state ownership of the productive resources. Promoted by a number of Social democratic political parties of the previous century, a state-directed economy reveals a mixed-economy kind in which public ownership over large industries is experienced.

Illustrating an example of the United Kingdom, nationalization in this country was achieved by obligatory purchasing in field for instance compensating. Britishh Aerospacie had been Hawketr Siddelety, Britishh Aircraft Cortporation, plus other major aircraft companies united, as British Shipbuilders was Cammetll Lairtd, Govtan Shiptbuilders, Swtan Huntter, Yartrow Shiptbuilders plus some other major shipbuilding companies united. It was the nationalizing mines for coal creating board responsible for managing coal field in commercial terms aiming at paying the interest on the bonds as the bonds were what previous proprietors of mine were changed into.

3.9. Market Socialism

Being a way of managing economy market socialism involves publicly, socially possessed tools for producing at market economy. This type socialism differs from non-market form with having mechanism ofmarket utilizing for production tools and allocation. Benefits gathered by publicly possessed companies

may have various uses of net amount being unreinvested in company expansion, such as being dispersed between people as societal dividend, model-dependent any other special form of the market socialism.

Market socialism models are fully completed and self-controlling set compared to mixed economy. It can also be in contrast for applied politics which socio-democratic policies in capitalism. However, distinguishing features such as the aim to gain more stable and equal economy by the help of taxing, subsidies, programs for wellbeing of the society differ it aiming at the same goals through different channels such as altering styles of company proprietorship plus regulation.

Being still debatable this form of economic management is considered to be a form of socialism by certain economists, however, due to involving the market mechanism in the view of another group of economists this form is thought to be another type of capitalism.

In other words, it is publicly possessed firms functioning in the marketplace. Keeping capital collection procedure is an inevitable part of the system due to the fact that the system implements marketing and money pricing in purpose of distribution and counting production tools. When it comes to the application of the generated profit, employee remuneration is the direct use of the profit accumulated, besides financing public institutions and collectively sustaining the enterprise. This is the state enterprise in the state-oriented form of market socialism trying to maximize the profit, which might be in use for financing state service or projects as societal dividends, either bringing an end to or reducing in a great proportion the need of diverse kinds of taxation existing in the capitalist system.

In Leon Walras's neoclassical viewpoint, government proprietorship for field plus other assets of nature in socialist form economic management will bring the society to the point where a means of public finance provision will make taxation on income unrequired.

Illustrating an example, the implemented version of the market socialist economy in the example of Yugoslavia based self-regulating working group plus cooperatives.

Mutualism as an economic theory offers the idea of a society in which every single human being is entitled to possess production means collectively or as an individual. With the purpose of lending the producers the required amount with the minimum rate of interest, equal to the administration costs, the mutual-credit bank establishment is an integral part of the system. Mutualism as an anarchist school of thought based theory of valued work according to one once work or result of work has been given for some amount, in return, the products and service equaling labor proportion required for production of a unit of the same or similar quality with the equal utility should be received.

Demonstrating the Chinese model of economy, the current model is just in a formal way having reference socio-market economy in Chinese features in which private field is involved producing of commodities plus light field, however, state sector covers a bigger part of the economy having publicly possessing status guaranteed legally. Despite rapid increase private field activity having had experienced since years in 1980, state asset privatization was hindered in essence, which was partly changed in 2005. Although that was the state-owned corporations which gathered huge rises in governmental income, becoming leading power responsible for most of the Chinese economic growth and led the recovery during the financial crises of 2009, this model of economy got accepted like modern state capitalism by many. Comparing capitalism in West with one in China, key difference between the two is the ratio of state-ownership of the corporations publicly listed.

When it comes to the Republic of Vietnam as a socialist country, having a slight difference from the Chinese model it acquired a kind-like version. A model applied after Doi Moi's changes allows private sector activity in the production of commodities, however, maintains strong monitoring on government sector and the fields with the strategic significance.

3.10. Socialism as a Political Concept

Due to having many variations, socialism cannot be defined within one single statement of identification despite having certain common elements among these varied versions pointed out by the scholars.

Angelo S. Rappoport revealed forty definitions in Dictionary of Socialism in 1920s in which he mentioned common points of various forms of socialism as given below:

- Generally blaming social impacts of individual proprietorship, asset control leading to poverty, lower payment, lack of jobs, socio-economically unequal conditions, no guarantee in economic terms;
- Overall attitude that resolution of issues is common control of production facilities, allocation, besides exchanging (levels plus ways to control differ between socialist acts);
- A deal that result of this control had better be creating society built on socially fair, equal, economically supporting, provision of satisfactory conditions for majority

Sociality, social responsibility, cooperation and planning are identified to be four main principles of socialism by Bhikhu Parekh's study "The Concepts of Socialism" (1975).

M.Freeden, however, in work "Ideologies and Political Theory" written in 1990s reveals 5 points are shared by all the socialists. He categorizes them as given below:

- Society is not only a group of people;
- It ponders wellbeing of a human race its main goal;
- It ponders people active besides productive in grain
- It ponders equal conditions for each;

- History will give people improvement if they work hard to get it

3.11. Anarchism

It is defined as policy of thought supporting community with no state, own-governing organizations, in which state is believed to be damaging, undesirable and not necessary. Despite antistatism being central, according to some economists, it demands opposition to management or organization of hierarchy in operating social connections inclusive, in contrast unlimited, to government. Mutualism advocates market-type socialism, collectivist anarchist employees corporations plus wages production-contributed-time-based amount, anarcho-communists support immediate conversion from capitalism into libertarianist communism besides gift-economy, anarcho-syndicalist-viewed employee's immediate act and generally organized strikes.

3.12. Democratic Socialism

The Social democracy got supported by group of democratic socialists as a temporary measure for the reformation of the current system, however, another group of democratic socialists outnumbering the former ones reject reformism as they eagerly support more revolutionary methods to be of effect. Contemporary social democracy highlights the idea that capitalism should experience legislative modification gradually so as to be more humane and equitable, whereas in a pro-capitalist approach socialist society as a theoretical end-goal is forgotten totally or redefined.

Despite having too similar points between these two movements both in terms of ideology and terminology, some key differences make each movement distinguishable. The key distinguishing feature between democratic socialism and social democracy is the political aim. From the view angle of modern social democracy supporters, unemployment insurance to make capitalism more humanistic and a welfare state are advocated. When it comes to the viewpoint of democratic socialism supporters, however, the substitution of capitalist system with the socialist

economic system is the main target aimed by them, claiming that any kind of humanistic reformation made to capitalism by the help of regulation or welfare policies will end up with the market distortion and the creation of economic contradictions.

The establishment of economy built upon econom-democracy by plus for working layer becomes the core point of democratic socialism in general. Since democratic socialism is considered to be hard to define, as a term it has various and radically different definitions by diverse groups of scholars. Among many other types of definitions, quite often the ones referring to any kind of socialism following an evolutionary path being reformist rather than revolutionist dominate in number.

In essence, democratic-kind-socialism requires production tools to be regulated by employed ones under the control of the democratically-chosen state in which centered programming allocates general commodities, for instance, transportation, residence, and electricity, on the contrary, market allocates consumption products. Revolutionary-Socialists, however, claim that there is no peaceful way to socialism. Thus, a socialistic system cannot emerge while capitalism is still in play, in other words, it can only be achieved after the total destruction of capitalism where the production means will be owned and managed by the workers through a well-developed and centralized structure.

3.13. Libertarian Socialism

Libertarianism as a socialist approach assumes individuals in grain to be logical, autonom, determining oneself. Putting capitalist rules aside, individuals will yearn for socio-econom-politic-hierarchy-free socialist community to be concerned about everyone.

The libertarian socialism is given name as social-anarchism, left-libertarianism, and socialist libertarianism as well. Rejection of socialism like a central governing proprietorship and monitoring over economy criticizing salary labor relations in work, besides, emphasis on the self-management of the workers, structurally decentralized political organization, abolishment of authoritarian

institutions controlling production means, a freedom and equality based society creation are the main arguments of the group of people having the libertarian socialist approach. These supporters against-authoritarian philosophy in socialist acts, in general, aim for decentralized ways for democracy plus federal or confederal unions like libertartian municipalism, citizen groups, trading gatherings, and employee councils.

Anarcho-syndicalism supporter G.Leval mentioned:

"We therefore foresee a Society in which all activities will be coordinated, a structure that has, at the same time, sufficient flexibility to permit the greatest possible autonomy for social life, or for the life of each enterprise, and enough cohesiveness to prevent all disorder...In a well-organized society, all of these things must be systematically accomplished by means of parallel federations, vertically united at the highest levels, constituting one vast organism in which all economic functions will be performed in solidarity with all others and that will permanently preserve the necessary cohesion".

Libertarian socialism in the socialist movement defines the ways to be distinguished Leninism/Bolshevism, besides, social democracy.

3.14. Socialism and Contemporary Socialist Movements

Socialist feminism, ecological-socialism, anarchial-feminism, green-anarchism are among modern social movements.

As feminism kind, social feminism has its major concern in both public and private spheres of female life arguing that the only way to reach and obtain liberation is through ending cultural and economic sources of female oppression. Foundation of Marxist Feminism was conducted by F.Engels's research in 1884 named "The origin of the family, private property and the state".

With highest requirements in female equal chances Marxist leaders inclusive of Alexandra Kollontai and C.Zetkin instead of trying to combine, counterposed Marxism against liberal feminism.

Anarcha-feminism started prospering in 1990s and 2000s with Emma Goldman plus Voltairine de Cleyre's anarchist feminist theories.

Eco-socialism, socialist ecology, or green socialism is a political position merging Marxism, libertarian socialism aspects with the green politics, ecology and alter-globalization. In eco-socialist view, social exclusion, besides war and poverty, and environmental degradation are all consequences of the expanding capitalism.

Green Socialism as socialist kind gives estimates keeping natural reserves, which is gained by the common proprietorship of big companies. That is highlighted as well common transport plus local-source feeding focusing on provision of prior necessities for all before consumption goods one does not require, besides guaranteeing a livable wage for everyone.

Socio-Ecology being tightly linked with ideas plus work of M.Bookchin was highly impacted through the thoughts of an anarchist Peter Kropotkin.

Christian Socialism: In this approach it is claimed that Christian attitude to brotherhood is the same as socialism.

Utopic Socialism: An idea of community in equality not planned in 1900s, before industrializing, which could come real in a peaceful way through multiple experimented-communities.

Fabian Socialism: Being applied by British community in the end of 1900s advocating slow shift to socialist community by help of legal means, electing, more by gradual reforms rather than through revolutions.

3.15. Syndicalism

The syndicalism as a social movement rejects state socialism having their main argument opposing the use of state power in the construction of the socialism as a system, instead having major preference of general strikes.

In the syndicalist approach, a socialist economy should be based on worker syndicates owning and managing the production means or federated unions. In several Marxist flows syndicalism is supported like de-Leonism.

Anarchoa-syndicalism was an anarchist view where syndicalism is seen like control-gaining way of a capitalistic economy enabling the impact of a bigger society.

3.16. Socialism with its Pros and Cons

Socialists strongly believe that basic human nature is cooperative in grain, not competitive and according to their claim, it was due to previous systems which were feudalism and capitalism forcing them to worker harder to achieve more in a competitive sense.

In the socialist view, this basic human nature should find its reflection as a core feature of economic management as well. Despite its emergence as a criticism to the existing capitalist system of that time, socialism as an economic system also has its positive and negative sides, which becomes visible in the light of comparison and contrast with the other economic systems.

3.16.1. Advantages of Socialism

A typical argument made by socialists is that this is capitalism which weaken democratic attitude, easies exploiting, brings chances plus sources unfair way, and makes community ineffective, obstructing human improvement, ijn contrary to which socialists, by democratic, humanist, and rational connections in economy, annihilates such issues.

3.16.1.1. Balanced wealth and income

Main advantage in a socialist economy is enabling prior necessities for people in poverty, for utilizing firms and housing is under government ownership, control. On contrary, in case of private sector ownership of these companies, prices for services become unregulated which makes the services and goods expensive. About taxes, socialist state advocates as well the people with the low income by regulating taxes as it becomes lower for lower earners and higher amounts for higher income individuals.

3.16.1.2. Beneficial Monopoly

The key pro of socialism is its not having monopolist activities existing in capitalism. As in socialist way of management state possesses production tools, no exploitation of monopolists occurs, instead, however, monopolistic activities of state on production operating for individuals' wellbeing is experienced.

3.16.1.3. No Labor Exploitation

Owing to production tools being possessed by workers themselves or certain unions with similar purposes, no human labor exploitation becomes a matter of discussion under the socialist way of economic management. Based on their individual contribution each worker receives the equitable amount of profit leaving no space for discrimination.

3.16.1.4. Breaking Social Hindrance

Eliminating a clear division for higher-lower-class people socialists makes sure that no gap exists between people of different income levels in community by creating commonly-owned assets.

3.16.1.5. Equal Rights, Equal Access

As equality becomes the central feature of the system, every individual gets the same reach for healthcare besides educating as most vital points in human life and welfare.

3.16.1.6. Poverty Eliminated

Socialism as a system eliminates poverty. Enabling everybody to have the same access to the resources, socialism is believed to leave no space for poverty. In other words, compared to capitalism experiencing the extremes on the urges with the extremely poor and extremely rich individuals, socialism creates the society of mid-income individuals.

3.16.1.7. Benefits for All

As the system operates for profiting everyone in community, even ones who have zero direct contribution to production due to being disabled or having some other obstacles to be in a beneficial position for the community such as children, elderly, or their caretakers receive the required amount of goods and services. As a result, the most basic needs of every person in the society becomes covered.

3.16.1.8. “From each according to his ability, to each according to his contribution.”

Everyone is entitled to the job they please to do owing to the fact that in the socialist approach one can have the highest contribution to the society if and only if they are involved in the job they get moral satisfaction and are eager to do their best. It is also an undeniable fact that the society is also in need of the positions which are not favored by anyone or at least majority of the people. In this case, the system offers a higher compensation to make them worthwhile for positions as such.

3.16.1.9. Fairness in resource utilization and distribution

As this is the government managing the means of production, fairness or equality in resource utilization and distribution is ensured for private enterprises are not allowed to exploit the production means for their personal gains.

3.16.1.10. Natural Resources Preserved

Natural resources, as in the socialist philosophy belong to everyone, are saved for benefitting society in total. Socialism every individual taken responsible for the protection of the property that belongs to all, in this case – the natural resources. Since the interests of all are protected, the natural resources turn out to be the area of concern for each individual sharing the responsibility in its protection and leaving no room for the exploitation of natural resources for personal interests of certain individuals.

3.16.1.11. Free from Business Fluctuation

Socialism is prior to capitalism for being having no business instability. Economy being generally-programmed has co-ordination with diverse producing points, preventing saving-investment- distinction and making optimally utilized resources enabling monitoring on producing process plus avoiding a generally deflating flow.

3.16.1.12. Economic Growth

Economic growth represents itself to be vital pro for socialist community since adopting economic programming as ways of increasing fast economic development functioning accordingly in a systematized plus regular way.

3.16.1.13. Balancing Economic Progress

Socialist thinking enables economy to be centrally planned leaving enough space for balanced development encompassing the whole country. Apart from capitalism in which the field in demand experiences growth while the field out of interest is left undeveloped, in socialism central planning makes it feasible for all areas to be improved in an integrated tendency.

3.16.1.14. Economy Stabilized

Instability diminishes to its minimum possible level. Eliminating boom and bust cycles socialism paves the way to no wastage or high figures for unemployment due to being planned accurately having no private investment enabling fluctuation in the economy.

3.16.1.15. Planned Economy

For socialism state plans and determines each single point of economy, demand-supply rule not being applied becomes short-run-core in system, however, in long run the economy becomes stable with no waste experiencing prosperity.

3.16.1.16. Reducing Price Fixing

Socialism targets aiding all with provision of first level necessities inclusive of food, beverage, and other needs of significance with no supply-demand rule in action, thus, no price rise from capitalist firms is a concern in this system.

3.16.1.17. Encouraging Everyone for Success

Socialism is known for wealth redistribution by its critics, however, it is redistributing the chances for all to win trying to create a win-win situation for an entire community. Under capitalist rules, individuals with previously gained wealth, or some other opportunities tend to be in a more advantageous situation compared to the rest at the beginning of the “competition” bringing them higher chances to win.

Under socialist rule, however, all are given equal chances to benefit for common target. Equality in income to some extent creates the equality in opportunities provided for everyone in the community. Instead of accumulating more profit being understood as an achievement, within this economic system the definition of success shifts to being useful for the welfare of the society. This, in its turn, may give the incentive for making new inventions, or investing their time and efforts in research and development more than ever, as these fields can also be supported by the government considering their contribution to the society as a final goal.

3.16.1.18. Supply Based on Genuine Need

Economy operates with the focus of production on basic necessities rather than profit gained through the products of secondary or lower vitality level for the prosperity of the community as a whole. Value given is associated with the rate of necessity of the product under socialist way of management. Concentrating production on the genuine need of the society turns out to be its key pro as a system.

3.16.1.19. Industries of Primary Significance Easily Nationalized

As its key advantage, industries being nationalized paves a way to reduction in taxes for domestic production, giving a boost to trade revenue in a foreign cycle in general terms benefiting for the national wellbeing. Creating more stable economy socialism gets the chance to restructure or give public funding to the areas of necessity operating fast and in a facilitated way increasing efficiency and productivity parallel to each other.

3.16.1.20. Application of Innovation

Innovation, which is a driving force of the market economy expected to benefit capitalism more, however, gives the most beneficial outcomes in the case of being applied in the socialist system of economic management, surprisingly. Due to a high rate of competition in the marketplace, any recent innovation is copied by the

rivals within the shortest possible time living the innovative company with just little benefit. Thus, the incentive to innovate dies out in the marketplace under the given circumstances. The cases in which patent is granted by the state innovation takes place, however, not leading to beneficial outcomes again owing to the fact that patents enable the company having the innovation to experience temporary monopolistic power in the market. Hence, the company with temporary monopolistic power enjoys the condition of charging higher prices for the capitalist system is profit oriented. As a result, innovation ends up being costly for the consumers until being copied by the rival firms.

On the contrary, in case of having innovation applied in the socialist economic conditions, the society benefits as a whole. Consequently, socialism enables every member of the community to benefit from the positive outcomes of the recent innovation.

3.16.1.21. Specialization is Required, But Not That Much

Compared to capitalism, in which too much specialization is highly required leading people, even the highly skilled ones, to suffering from involuntary unemployment, under socialist conditions, as the system eliminates most of the “unnecessary” professions, the professions allowed or required in the socialist system do not push the workers to have either “unnecessary” skills for the society or be specialized to an unrequired extent.

3.16.1.22. Power Leads to Power

Not immediately, but definitely: economic power gaining shows up its political effects sooner or later, by which it is meant that government as an economic institution losing its power gradually and becoming somehow dependent on giant companies in the market, does not only lose to the private enterprises in economic terms, but also in political terms.

As the economic dependency increases, political power gaining emerges. The state as an independent institution fails to direct economic and political policies against the will of the super economic power holders, getting either the threat of taking private investment out of the country or by some other possible ways of threatening.

3.16.1.23. Better Quality Standards

Considering the fact that some of the industrial products of the Soviet time were considered to be the world class, including the fact that no human being ever claimed Soviet military equipment to be of low quality, besides, having into account high quality housing of Soviet time, it becomes an undeniable fact that in some industries quality standards of planned economy were higher than the same of the market economy. The costs were also higher compared to market economy but the quality was worth it.

3.16.2. The Disadvantages of Socialism

3.16.2.1. No Competition

The biggest disadvantage of the socialist system is its ignorance of the competitive sense of human being, as a result of which the people who are competitive in nature, not cooperative are left unremunerated. According to the socialist approach, competitive individuals are the ones tending to find ways to cause social unrest for personal gain.

Competition actually makes economy experience prosperity. Sense of consumer-producer-competition reveals high-quality products creating possibility of even being relatively cheaper, which is its con. So people's gifts and skills develop, paving to country-level-experienced growth thanks to the competition.

3.16.2.2. No innovation

As socialism fails to reward the people with the competitive sense, it also struggles to pave a way to innovation. Considering the fact that individuals are promised to have an access to certain amount of resources required for survival or to reach minimum standards at least, the dominating mentality in these circumstances leaves no initiative for the individuals to struggle for innovation or a change. No excellence, no improvement in performance is urged under the given conditions.

3.16.2.3. Government with the Supreme Power:

Government gets the supreme power in the system offered by socialists, which may end up with the abuse of the position by the government officials and the use of power in their favor. Power is generated either in the hands of certain individuals with the access to resources – richer people – as in capitalism, or in the hands of the government expected to have fair and equal distribution for the individuals. In this case, having the government with supreme power, although it becomes alleviated for the country in terms of international affairs, in national matters, however, it remains as a threat for the individuals in case of misuse of the power by the government.

3.16.2.4. Running on bureaucratic sense

Bureaucracy is the one impeding service delivery, since individuals must experience diverse channels for having prior-service-access, which unable them to receive the immediate-service that should be provided.

3.16.2.5. Lack of motivation for entrepreneurship

State control over major industrial fields, persons with the interest in entrepreneurship get demotivated, for individuals are cognizant of state control over private business. Another demotivating point for this is the fact that in case of having higher earnings, high taxes are inevitable.

3.16.2.6. Having excessive government supervision

Under socialist rule individuals are said what to do and how to do even for their personal matters. State supervision over some fields of industry also interferes people's personal life choices. Making its central feature it affects all walks of life for people feel under supervision and being over-controlled .

3.16.2.7. Inefficiencies due to lack of incentives

Due to the fact that production tools are possessed by government, lack incentives to work harder and more leads to employee demotivation which may end up with the stability in production or, in other words, inefficiencies due to lack of progress generated by no cut on production costs in one way or another.

In socialism owing to a lot of bureaucratic intrusion, tasks done by the local workers cannot be match for business accomplished by business owners. Local workers having guaranteed payment for whatever quality of production is, due to having it their duty, pave the way for inefficient production leaving the economy in long-term suffering.

Socialism, as a result, booms chances for workers with no motivation in society. With no remuneration in quality increase, plus equal payment for working and unemployed gives zero incentive to operate.

3.16.2.8. Deficiency in Economic Liberty

Socialist community rules organize everything in a centralizing manner leaving no way for individuals to possess production tools with state control over all and mentality that all belong to the state. Employees are given certain positions not to be changed without state allowance.

Saying differently, lack in economic freedom emerges under the regulation and control to this much extent.

Liberty in occupation choice, company and some different types taken away from community which are crucial to economic blossoming, thus, paving true democratic essence to die away. Although socialist community provides all vital daily necessities, achievement is done compensating liberty in economic and political sense.

3.16.2.9. Unhappy Consumers for Limited Choices

Having no complete satisfaction in terms of options available for the consumers, no consumer happiness is the point of debate. Socialism creates unhappy customers with needs met, desires incomplete if not uncompleted creating a condition of 'this is what we have available in hand' putting consumers obligation to buy the sole available product with no diversity.

3.16.2.10. Corruption within the system

As an idealistic notion, socialism bases on belief of people in general being decent in nature plus will accomplish the required aid for other people in need, skipping severe truth of not all people being as good as expected. With fewer checks and balances available, manipulation over the production and distribution becomes easier.

3.16.2.11. Market Price Disabled for Cost Calculation

Market mechanism having no say in price determination leaves this decision making to the state with its plan and control over all points of economy. In the play the government officials turn out to be decision makers in cost calculation with no solid ground in hand creating no tangible results in this term.

In the Socialist system absence or inefficiency of price signals brings declined motivation causing declined blossoming with low possibility leading to cons in socio-political outcomes.

F. Hayek, L.V. Mises, from Austrian school claimed annihilation of production tools being possessed by individuals would lead to more detrimental economic outcomes for general public compared to ones to have been experienced in market-based economy. With no price signals, in their view, proper calculation of resource allocation is not possible.

3.16.2.12. More Government Spending

In contemporary day reality economic spending should experience a balance between foreign and local spending and trading to accomplish prosperity. Having state control, innovation declines in socialism with no incentive of profit leaving efficiency to decrease as a result bringing more costs for production of goods besides services in parallel leading to a decline in what is available for research and development.

3.16.2.13. One Equals Everyone

From the socialist viewpoint, if one thing is good for one, it means it is good for everyone. As socialism concentrates in provision equality for everyone, in one way, it results in a reduction or even in some cases lack in diversity. In terms of decision-making as well anything good for one is accepted as good for everyone, which is unable to satisfy human needs as they are different in nature, hence, the necessity for one may not be the necessity for the other, the same is true for the notions such as good or bad.

3.17. Countries with Socialist Economic System

Norway/ Denmark/Sweden:

In this group, medical care, education, besides pensions are provided by the government, besides having successful capitalists. As majority of individuals do not require wealth accumulation for state provision of better living standards, 10% in every nation have wealth maintenance over 65%.

Russia/Cuba/ North Korea /China/Vietnam:

This group can be called socio-communists for socialism and communism are incorporated.

Bangladesh /Algeria/Angola /Guyana/Tanzania/ India /Portugal/Sri Lanka/ Mozambique:

This group mentions in constitution their being socialist-state having democratically elected running economic systems of these countries.

Venezuela/ Laos /Turkmenistan /Zambia/ Syria/ Belarus:

Mentioned countries experience very powerful socialist factors in terms of medical care, media, besides some other types of social programs.

Great Britain / New Zealand/ Ireland/Belgium/ France / Netherlands:

Despite having socialist groups in power of having the government accomplish more than required social support, majority businesses are possessed privately which is what names them capitalists in essence.

There are no countries experiencing socialism to its maximum limit with 100%, considering UK Socialist Party, no country with 100% pure market capitalism.

CHAPTER 4

WHAT IS COMMUNISM?

According to the advocates of communism, it is advanced shape of socialism striving to substitute personal proprietorship besides benefit-focused economy with publicly owned assets with community monitoring over natural assets and major producing means. As it was in most of the writings of the 19th century writers, in Marx's writings the interchangeable use of socialism and communism as terms was experienced as well. In 1875 in "Critique of Gotha Program" Karl M. mentioned 2 communist stages expected to chase anticipated capitalist overthrow. Stage 1 of communism could be transiting period giving monitoring on economy and state to class of workers, however, the people would be paid for their labor accordingly depending on their working hours, diligence and productivity. The second stage of the communism, in Marxist view, could turn out a fully-accomplished form meaning community with no class separation or state, where principle "From each according to his ability, to each according to his needs" would be the leading principle in production and distribution of goods. Marx's views lead the world to obtain the system as a result of which for major of 1900s, roughly 1/3 global populace experienced communism.

Diving back into real communist ground, one ends up finding himself lost in the pages of history with the desire of discovering the root of this utopic society. Despite the fact that communism as a term had not been experineced until mid-19th century, being stemmed from Latin word for common, shared, as societal visionary belief appeared 4th century BCE – description of Plato's Republic, in which the governing responsables are dedicated to serving public According to Plato's-argument, for personal proprietorship could bring corruption by posessers giving selfish incentives, officials are recommended to reside as one-big-family sharing common good, spouse, children proprietorship.

Another group of earlier visions of communism was inspired by the religious views. Early Christians experienced communism of certain kind. Thomas M. being

encouraged by views, in 1516 created Utopia – a community of individuals having food, residence, all other things shared.

The city of Sun written by T. Campanella in 1623 was another example of communist vision.

Techno-economic revolution of 18-19th – Industrial revolution paved a way for contemporary communism obtaining mass productivity in cost of putting category of workers under increasingly miserable conditions being what truly inspired Marx to have a vision of class struggles dominating historical stages to inevitably lead to a society of shared prosperity achieved through common ownership of production means.

That was Marx strongly supporting the idea that communism should be experienced as an inevitable stage of human development history following the collapse of capitalism. According to the supporters of communism, the model could come into existence in two ways, one being the revolutionary and the other reforming. The revolution was expected to happen in highly capitalistic societies such as Britain, however, the history changed the direction of the expected by creating another scenario. As in advanced capitalist communities the capitalists gained “super profits” from low-cost raw and labor provided in the colony being capable to “bribe” employees a little high payment, short work time, besides different reformations, opposing Marx’s anticipations, communism revolution should have commenced in countries of poor economy such as Russia besides colonies due to exploitation or the 3rd world.

Having followed Marxist view, Soviet Union converted into a state dominated economy with a single-party organization. With 5-year-plans state focused on industry, banks, plus, agricultural production experiencing boost for a 15-year period after mid-1900s leaving US behind with the figures for GDP. Comparably SU experienced growth of a slower speed in general terms considering countries with capitalist-democratic systems. In the long run, thus, theoretical expectations proved wrong. Lack or limited amount of consumption expenditure

ended with decline in growth. Despite prospering heavy industry, economy suffered from deficiency in consumption goods paving a way for black market blossoming.

Russia, more precisely, Soviet Union experiencing communism failed to obtain the predicted outcomes, on the contrary, according to Marxists, due to being closer to feudalism rather than capitalism, which again can be explained through the historical stages of development in more details.

Although Marx is the most well-known name when communism is mentioned, there are some other diversifications of non-Marxism. Mainly anarchism, anarcho-communism supports commonly possessed property besides claims for stateless economy putting an end to state in power. E.Goldman, W.Godwin, M.Bakunin, P. Kropotkin are world-wide-known names favoring this form of communism. In one form or another they claim that interdependency between private proprietorship and state is undeniable since the existence of one is protection and support of the other. In case of common proprietorship and equal allocation there is no space for government to exist and is expected to be abolished.

All in all, that was again Marx saying “if anything is certain, it is that I myself am not a Marxist” trying to emphasize the fact that his ideas were misinterpreted and thus implemented in a wrong way.

In essence, what Marx was trying to bring to the light was way he saw society focused on relations of economic level and class categories, besides, employee functions, as he named “proletariat”. In Marx’s theory community experiences basic form of communism converting into slavery, switching to feudalism, being followed by capitalism for productivity. In his argument, capitalism following a natural cycle is replaced by socialism after required level of development being experienced with working class able revolutionize following a historically reaped order.

"Dictatorship of the proletariat" achieved by the revolution of the working class will lead the State to "wither away," paving a way for communism, which will be class/state-less community. Considering the fact that social class changes will not just happen automatically, despite having crises and such effects of capitalism

accelerating the process, in his view socialists should aid workers to be trained for revolution.

Marx highlighted that a society trying to accomplish socialist beliefs having not realized Industrial Revolution would be exposed to collapse.

4.1. Communism Criticized

2 groups of criticism are matter of concern: Marxist theory and principles, communist ideas and practical implementation for 1900s communist governments.

4.1.1. Marxism Criticized as a Theory

Marxism has been criticized from various aspects such as pointing it out to be incomplete as a theory, or simply remaining as a theory and not being a part of natural human history but a vision of a philosopher. Despite the fact that Marxism could gather a giant number of individuals, who truly believed and supported this ideology around this theory, it has been criticized for not realizing the theory due to certain kinds of impediment experienced in the application process. Marxism could not prove itself to be the next stage of capitalism leading to prosperity of all the individuals as expected.

4.1.2. The illusion of an unachievable future

Basing certain beliefs on the ideas of nationalism, several religious views, and fascism, communism suggests a society of unreal application for all evil not giving the necessary value to previously and currently experienced ideas going for universal view of valued truth. Additionally, all distinct deviations or underachievement is clarified as emotionally appealing or a matter of conscience.

4.1.3. Immature philosophy

There has hardly been extensive labor dedication for exact practical functioning norms of the communist economy by Marx and Engels just taken pricing mechanism, but no alternative substitute illustrated.

4.1.4. Socio-economic base overvalued

According to certain communist beliefs, inclusive of Trotsky, socio-political and intelligence-involving life experiences of all types are valued by social and economic grounds besides production modes of material concern not giving necessary value to human rights and lives.

4.1.5. Anarchical Criticisms

A great deal of libertarian socialist viewers besides anarchical belief supporters deny the requirement of a transient governing period plus give a frequent criticism to Marxist-communist views due to authoritarian approach with several anarcho-primitivist viewers denying policy of left wing generally with view of double-dealing treachery and reclamation of reform inability of civilization.

4.1.6. Violation of civil rights and liberty

From viewpoint some critics, Marx's liberty image is just protecting despotism plus totalitarianism in a real sense, not unfolding of liberties the way has been asserted.

4.1.7. Claim on Semitist opposition

For certain viewers' interpretation, a vast number of Marx's announcements about the Jewish are considered anti-Semitic, mentioning him as viewer of Jews as incarnation for Capitalism with its wickedness. Nonetheless, by another group argument is interpreted differently.

4.1.8. Revolutionary thirst

From the perspective of a huge number of social reformists inclusive of democratic socialists besides social democrats Marx's request of revolution of working class is criticized by disputes of capitalist reforms to be realized through democratic alternations happening gradually.

4.1.9. Imperfect materialist theory

For certain claims, notion of Historical Materialism underlying great part of Marxism is imperfect, or this type technique may be converted into pushing historic period to specific direction, or practically leading to Nihilism, being moral-cognitive suspicion philosophy according to which credibility of moral values are denied with ejection of intellect, claiming deficiency in universal meaning or goals. It was based on the belief that only science-based facts can provide resolution for entire social matters. In brief analysis, Historical Materialism is the idea that production besides reproduction of materials is survival need of humans being accomplished by labor allocation built on human productive interaction. Human relations being set by de facto production type build economic column of community with natural step by step movement of culture, institutions being guided by socio-political upheaval of dominance of advent class.

4.1.10. Imperfection in class evaluation

According to certain groups, class concept is not main core of unequal society, considering many periods of which detailed analysis failing in sustaining gain for evolving classes or society the way done by Marxists.

4.1.11. Unrealized forecasts

Certain forecasts being made by Marx being disputable include some which have been totally wrong by certain groups being argued against as next proof of imperfect Historical Materialism theory. Among these foretellings increase in class

separation, bloody working class revolution to occur in developed countries with heavy industry, high-tech application industry to bring even worsened conditions for working class can be found.

4.1.12. Scientifically non-intense theory

Historical Materialism as a theory had science-initiated commence before paving a way for revising adapting truth. According to certain oppositions, science dominated more in uto-socialists view (uto standing for utopian) than Marxist approach since they chased experiments besides hypothesis, on the contrary, unable to be tested plus non-scientific belief was initiated by Marxism in their view.

4.1.13. The evidence for the "end of history"

According to the arguments of some critics, the expanding disperse of liberal-democracy in the globe, distinct deficiency in triggering revolutionary acts improved within, offer capitalist or social democrat approach to be likely to be finalized version of human state, compared to Marxism, to be claimed as "end of history" philosophic approach.

4.2. Communist Party Management Criticized

4.2.1. Totalitarian Approach

Communist parties are asserted to maintain power despite disagreement of populace and degenerate totalitarian approach. Media under state control, absence of freedom of speech, all time supervision, regulation and control by secret intelligence-police are their tools of management.

4.2.2. Censorship and repression for political reasons

In all examples of communist rule censorship and repression are unavoidable practices experienced in SU (Soviet Union) from 1920s till 50s, China for a decade between 1960s and 70s, and in North Korea starting from 1940s being still present.

4.2.3. Excessive Devotion to Personalities

It has hugely been criticized for its practice of devotion to an absolute level for certain people in power, especially rulers. To be more precise Stalin, Castro, Mao can be taken as main examples.

4.2.4. Limiting Movement Liberty

For certain critics, severe limitation on liberty of movement is imposed aiming at preventing massive number of people from emigrating especially under circumstances of giant discontent with communist management.

4.2.5. Imperialist Paradox

Despite the fact that Communist philosophy opposes or at least claims to oppose to imperialist practices considering this top stage capitalism, blamers of communism blame Soviet Union and China imposing imperialist approach. As a sample, China's merging Tibet, or Soviet Russia creating sat-states in Eastern European side after 1940s, intervening in Hungarian rebels, Polish besides Afgani and some other African, Asian acts of freedom can be given.

4.2.6. People's rights

Deporting groups of people entirely and against their will, legalizing force, killing or imprisoning for political reasons, demise for starvation, and the numbers being in millions were evidences of communist style management ignoring human rights.

4.2.7. Economic capability

A major number critics of Communist-type management compare improvement and effectiveness in countries experiencing communist and non-forms. In terms of average figures Soviet Russia failed to provide required amount of feeding for populace despite becoming industrialized fast, it was the main grain buyer in the

3rd decade of 20th century. All in all, comparing eastern countries with communism and western Europe average figures progress experienced in the latter one was higher than former one. Considering the fact that the reliability of some statistics are debatable, direct comparisons are difficult. Soviet Russia focused on free child care, health care, education, guarantying employed figures and different forms of socio-cultural plans, and to some extent disregarded consumption goods, as a result, had figures denoting low levels of life standard defense, heavy industry being main focus of economic policy of that time.

4.2.8. Censorship on culture and art

This censorship is criticized by many due to not having “proletarian content” to a required extent as a result destroying inheritance of culture, besides faking certain illustrations and changing the historical facts.

4.2.9. Damaging Ecology

According to the claims of some of the critics, communist management placed a huge burden on ecology for its projects to be completed in the field of space exploration, military plus heavy industry. Water contamination besides polluted air turned into one of the major problems besides erosion, salinized, acid land concerns of agriculture in Soviet Russia and countries in union, plus China.

4.3. Kinds of Communism

Marxist thoughts are both theory and practice based concept creating a base for Socialism and Communism.

4.3.1. Leninism

Leninism, built on plus elaborating Marxist views, functioned as core belief in Soviet Communist ideologies. V.Lenin claimed "What is to be done?" only way for working class to realize a revolution is by help in "vanguard party" consisting of

people focusing on revolution 24/7 well-organized "democratic centralism" (internally-democratic decision-making consequently all-member-active external-support promotion). In this view,

The sole way for capitalism to be annihilated is a revolution, reforming efforts are destined to be in vain.

Orchestrating overthrow de facto state forcefully besides seizing control of the working class, implementing dictating working class, - direct democracy with employees holding strength in politics by help of local councils turns out to be aim of the Leninists.

4.3.2. Marxism-Leninism

Marxism-Leninism, as an ideology found its adoption by Stalin in the 2nd decade of the 20th century. "Marxism-Leninism" has its frequent use by people with the view of Lenin's ideas being implemented by Stalin leaving actual implemented concepts of Marxist or Leninist ideas in the dark. This ideology has seen criticism for various reasons among which the claim of state capitalism instead of socialism to be built can be found. In Marxist view, it is still democracy – in which major group of people – working class dictate, not a single party dominance. F. Engels's description gives an alternative form – democratic republic.

Engel's view of government property is its being private property of capitalist type in grain till working class gaining political control, turning it into public property. Being still disputed Marxism–Leninism is considered neither Marxist nor Leninist even not a merge of two, fake terminology coined to hide Stalin's distorted concepts. In SU, Trotskyism depicting itself as Marxist and Leninist fights against Marxism–Leninism.

4.3.3. Stalinism

Stalinism, being terminological description of Stalinist communist view, by he himself being demonstrated as Marxist-Leninist is argued by proponents of it to

include certain totalitarian traits such as secret police, manipulation for a total dictatorship of a personality in “worship” to a great degree.

4.3.4. Trotskyism

Trotskyism being Marxist theory having L.Trotsky’s (in his own view orthodox Marxist plus Bolshevik-Leninist) advocacy, besides support for single leading party – bears a distinctive point compared to Marxist-Leninist approach of Stalin promoting a revolution of multinationals opposing the idea of one-country-socialism supported by Stalin, plus, absolute support of working class dictatorship within democratic structures. Comparing with Marx’s ideas such as revolution after advanced capitalism, Trotskyism goes for once-and-for-all revolution even in communities with underdeveloped or developing capitalist structures.

4.3.5. Luxemburgism

Luxemburgism was inspired by Rosa Luxemburg’s ideas opposing “democratic socialism” supporting central working class revolutionary having certain similarities with Trotskyism in being against Stalin’s totalitarianist approach pointing out the statement that Lenin besides Trotsky did not avoid undemocratic failures.

4.3.6. Maoism

Maoism ("Mao Zedong Thought") is communist philosophy type inspired by Mao being experienced in China built on Stalin’s Marxist-Leninist ideas. Social imperialism was a new concept brought by Maoism. A criticism made by Maoism against Soviet Russia was dominating over countries of shrunken economies paving a way to exploitation realizing prosperity in Russia and soviet-dependent economy building rather than economy building focused on domestic requirements to be met by those economies. Other new concepts were the Mass Line as a leading type with motto “from masses to masses” focusing on learning masses, new democracy and people’s war. Nepal, Philippines, Peru and India are among countries hosting Maoist parties. After Mao’s death his ideas were modified and experienced some reforms as a

result leaving China with “Socialism with Chinese Characteristics” in its original form being similar to Capitalism of Keynesian kind rather than Communism). "Great Leap Forward", cultural revolution- "Gang of Four" with efforts put in cleaning "liberal bourgeois" elements, brought chaos in socio-political and economic ways pushing the country to face the civil war.

4.3.7. Left Communism

Left Communism gave support to Russian revolution however rejecting Bolshevik techniques applied. Italian, Russian besides dutch german practices of left communism oppose nationalism, entire types of national liberation acts, frontism- with the concept of creating a union to block a mutual foe, parliament.

4.3.8. Council Communism

Council Communism is against concept of “revolutionary party” with the belief that it is supposed to bring a dictating group. It is a radical act authenticized in Netherlands, Germany in the 2nd decade of the 20th century. In its present day existence it is in an activist besides theoretical point in Marxism and Libertarian kind socialism considering employee councils, rebels in plants an original type of working class management and state power.

4.3.9. Anarchist Communism/Anarcho-Communism/ Libertarian Communism

Anarchist Communism (Anarcho-Communism/Libertarian Communism) as a movement advocating absolute abolishing state plus capitalism on the contrary favoring volunteer associations, employee councils giving all liberty to meet needs. It was led by Russians – M.Bakunin, P.Kropotkin.

4.3.10. Euro-communism

Euro-communism was a tendency in the 7th and 8th decade of the 20th century in diverse West-Europe Communism groups to excel theoretical besides practical community transforming was appropriate more in democratic views of West-Europe plus less accordance with soviet Russia.

4.3.11. Religious Communism

Religious Communism – a type of Communism holds religious belief and principles a core point. In this kind each individual is expected to work based on his capability and get profits in accordance with their needs. In Christian communism for instance Jesus's views are held as central ideas in ideal socialism. They are in different forms expected to dissolve personal propriety voluntarily for the favor of entire community.

4.4. Marx's Assessment – 10 Essential Tenets

Since Marx left most of his work unfinished due to either not really knowing how or just not writing about it, different interpretations of communism and socialism appeared later by Marxist authors trying to fill in the blanks usually with less scholarly methods and sources.

In the Marxist view, after the final dissolution of class distinctions, with "all production concentrated in the hands of a vast association of the whole nation", the political character of the state would disappear, which, of course, means a single party state. Marx thinks that different parties are merely tools to organize the power of one class to oppress the others. If not having any classes any more, then no parties are required. This happens because the proletariat, in the aftermath of the triumph of a truly communist revolution, will pursue the ideal of abolishing all classes and all class privileges. So, without any classes left, working class will end superiority. So, absolute rule - dictatorship of the proletariat - will naturally dissolve after the remnants of class struggle are forgotten.

Marx's assessment of the most probable template with the 10 essential tenets of communism, after the triumph of the revolution or the seizing of power by a truly revolutionary party:

Centralized banking; education under state control; work under state supervision; state proprietorship of transport plus communicative means; agricultural means besides factories owned by state ; absolute absence of private ownership; confiscating rights of property; High income taxes for all; abolishing inheritance rights; regional planning.

1. Eliminating land proprietorship having its use for community targets :

It can be understood as collectivization of real estate property. Since agriculture produced food for the population, it has to be set up as a service to the common good, not for profit having no economic basis. To conclude the point, the communist state would have all agricultural land incorporated into units like the kibbutzim of Israel or the former kolkhoz and sovkhoz farms of the USSR.

2. High progressive income tax:

Existence of such taxing would give no reason, in case each worker earned the same wages ("iron pan" policy of the Chinese revolution). Still having different wages for different professions, a progressive income tax (taxing the rich more) would ensure that the wealth gap between the people working in better-paid jobs and those working in the lesser-paid ones would not grow (or at least it would not grow too fast). Besides, this is inherently unstable, as it would not preclude that people would have successive generations of the same family working in well-paid jobs. The alternative would be to implement a heavily meritocratic system, granting free quality education and opening all career options to the sons of the poor. This policy was indeed implemented in the Soviet Union, allowing the sons of farm workers the possibility of becoming astronauts, politicians, scientists etc.

3. Inheritance rights eliminated:

This intended as barrier to accumulation of wealth among members of the same family. This prohibition applies mostly to ownership of houses and urban real estate in general.

4. Rebels' and emigrants' possessions confiscated :

Considering point that everyone who has emigrated is probably a rebel or a friend of rebels (and everyone who disagrees with the outcome of the revolution is a rebel), to confiscate the property of the rebels is intended to reduce their ability to use their wealth to corrupt the system or to rally people around themselves. The aim of confiscation of the property of the emigrant is to prevent things like selling his property rights to a foreigner, controlling a part of the economy (even a small one) from abroad, keeping that property out of use. As a result, this policy would impose a severe punishment for emigration (you leave the country, you are left without a penny) and would allow for expropriation of all who rebel against the state.

5. National bank centralizing credits in government:

Since bankers are most powerful bourgeois, in Marx's view, abolishing private banks would be a step towards preventing the resurgence of the bourgeois state.

6. State-centralized communication plus transport:

In Marx's times communication being only newspapers, by means of transportation Marx probably meant railways, tramways and shipping, since their control would be necessary in the process of economic reorganization and to provide revenue for the state.

7. *State possessed production, developed use of unused land in relevance to common plans:*

Government will not idly possess the property it takes from the bourgeois, it must actively work to expand it, not only in terms of productivity, but also in terms of actual expansion. Thus, the drive for progress is present in communism too.

8. *Everyone involved in work as a personal need and civil duty.*

With the principle "From all according to their ability, to all according to their needs", as a practical result, everyone is *required* to work. Working is a civic duty. Everyone has to work because everyone gets something in return (a job, a salary, free healthcare, free education, free state-owned television channels, free jails, free police, free cosmonaut program etc.). Most people do not mind the idea that all should work to earn a living, but very few are happy with the prospect that the state might choose for them which work to do sometimes.

9. *Agriculture-industry cooperation leading to absolute city-village distinction elimination:*

First proposal being creation of a better synergy between agriculture and industry. To illustrate an example, tomatoes are planted to be used in a sauce factory or just to be consumed by people. The second, a "more equable distribution of the populace over the country" can be possible with modern technology and efficient transportation.

10. *Free public education for everyone. Education-industry cooperation. Elimination of child labor in plants:*

This perhaps believed to be most universally acclaimed communist ideal, thus, Marx was most probably the first important author to openly defend

free education for all. He even envisioned technical schools -"Combination of education and industrial production".

4.5. Advantages of Communism

4.5.1. Decreasing the effect of social and economic diversification in the community

Under communist mentality everyone is of equal importance to the economic development or common mission of the country leaving no space for differences between city or village employees with no “white collar” or “blue collar” jobs except for government officials in top. Every individual focused on a common goal works for the benefit of the country with small or no difference of contribution in kind. In more details, each job has certain significance in achieving a common goal: neither is more or less significant than the other. All are crucial with everyone in the field needed.

4.5.2. Equal chances for the start

In Marxist view, democracy is expected to bring collapse eventually for: “haves” hinder “have nots” reach to resources bringing “war” in between. With elimination of these factors communism enables all for an equal start despite certain government officials being “top guys”. Under communist mentality no individual is given priority due to being wealthier. Built on his individual contribution everyone gets equal opportunities in the start of the competition and excels depending on his contribution, talents, and efforts.

4.5.3. Everyone gets the chance to work

No unemployment is experienced under these circumstances. Anyone eager to get a job is provided with one. In most cases that is aimed to be the job that individual may contribute to most. Compared to free market, this mechanism enables individuals to work with almost the same significance lowering the role of no

individual in the community. With provision of equality and equal opportunities for all everyone contributes to common good to a certain level. People whose performance is critical for common good are obliged to be in the required positions since community need is superior to individual desires.

4.5.4. More chances for education

Communist state is known for education provision for masses as a priority. Communist China as its prior task considered education chances for public with the aim of decreasing illiteracy besides work skills for increasing productivity in agriculture, industry and manufactures. Providing people with practical skills to be implemented in development of life quality was the outcome of state policy.

4.5.5. It builds the idea of a stronger nation

Having a common goal of creating a better community, all individuals struggle to achieve the same – a stronger nation. By concentrating on quality job they aim to realize community target gradually eliminating differences in cultural terms or in some minor groups uniting everyone around the same aim becoming one. Compared to capitalism focusing on individual rather than community, in this structure cooperation is over competition bringing unity and one strong family - nation.

4.5.6. Efficiency in large-scale results

Accomplishment of mass projects that would actually last years for other systems to realize experiences its fastest prosperity under communist regime since fast resource allocation is feature of the system. In terms of efficiency in large-scale accomplishments the system turns out to be the best with easily portable mobility of resources from one field to another. Due to being centralized in one hand giant projects become reality within the shortest possible time.

4.5.7. Economic shape may fit the leader's vision

F.Castro in Cuba, Stalin in Russia, Mao in China are the leaders shifting common vision of the system. Since in the regime many leaders are known to be for a very long while, if not for life, it becomes easy in terms of transforming and shifting to the leader's vision. Thus, mostly systems are affected by the leader's vision under this regime.

4.5.8. Agriculture besides manufacturing being main focus

They are known to be major industries affecting GDP growth. Under communist mentality these fields turn out to be main focus due to provision of necessary needs with scarce resources. This system with proper infrastructure built for these two provides incentives for innovative approach in these fields to harvest prospering outcomes with higher productivity besides reasonable prices for goods to be competitive.

4.6. Disadvantages of Communism

4.6.1. Officials hold the power to make decisions

Owing to the fact that having absolute access to resources state officials are given unlimited authority over decision-making related to those resources in hand with no space for personal proprietorship. Chances for abusing power is great under communist system rule. Once state officials make their mind about use of resources there is nobody or no organization to prevent, to control or to limit to a certain extent.

4.6.2. Most of the jobs available are in the field of agriculture

Since the government has no incentive in trade promotion either locally or internationally, they trade only for certain specific cases as in the example of Soviet Russia trading vodka for certain goods of need with one-to-one item changes or

cash/credit-based buying actions. All in all, despite the fact that government guarantees full employment and focuses on the skills and abilities of each, most of the jobs available are in the field of agriculture or somehow related.

4.6.3. Community needs over individual rights

Although some recognition for individual rights is given in socialist society, under communist control no individual right favoring is point of discussion. Common welfare being the main concentration point, all other factors turn out to be of secondary significance such as in the case of individual rights of citizens. Almost in all fields of life having experienced communist dictatorship, the sole space for free will to follow one's own interest is under the circumstances of contributing to common welfare. Individuals' role do change in accordance with the shift in government interests, requirements. In simple terms, in case of a person dreaming to become a painter in the society with the need of doctors that individual turns out to be a doctor rather than a painter due to the fact that needs of a community are prioritized over individual needs as a common goal serving the entire community as a whole. Comparably, under socialist conditions, however, individuals are free to go for their interests after work for no secondary central authority is involved and the case of self-governing group is active.

4.6.4. Absolute government control over law

Taking a sole entity responsible for law making and legal intercourse, communism gifts absolute control over law and regulation to government as a single unit till the day of delivering responsibilities to another institution decided by the same government. Not limiting its control only to legal activities, it takes all control over commercial/industrial producing activities. Any act of suspicion against government equals to death penalty as a means of punishment. Having total control over legality government pampers itself with instant-decision making in terms of legal-illegal actions. Within a second any new rule can be considered legal or a new act can be taken as illegal deed having death penalty as punishment for a second-ago-made illegality.

4.6.5. Education and propaganda interconnected

Although it is an undeniable fact that communism offers higher levels of literacy by providing education for giant masses compared to any other system promoting market mechanism, it has its own unavoidable downsides as well. Higher levels of literacy is achieved on the expense of supervision over media (articles, newspaper, radio, tv including all of its kinds) and schooling (universities, schools and all kinds of education institutions) to promote the ideas favored by communist government. Materials being inspected, directed, changed and controlled by authority figures aim to realize “mind control” in a proper direction in favor of government policies.

4.6.6. Dissent is a crime

Under communist rule dissent is considered to be a crime and requires immediate punishment in forms of exile, imprisonment for long year or life sentence, to be sent to labor camps, or obligatory acceptance in hospitals for mental illnesses. In communist China and Russia dissent has been punished severely. Tibet, Tiannanmen Square, Falun Gong are known to have experienced severe punishments of that time due to the fact that dissent is crime and no excuse is accepted to avoid punishment for this type of crime in communist mentality.

4.6.7. Based on totalitarian ideas leaving no space for the change from inside

Totalitarian approach is the central concept for certain systems inclusive of communism. Within the system no change is a point of debate. In case an individual is “unhappy” about the circumstances, that “unlucky” individual is either murdered or put in obligatory labor for a long while with no information being spread about that individual – the only known fact to be unknown and sudden disappearance leaving the individual with no protection at all in terms of human rights.

4.6.8. Jobs for the life with basic needs

Experienced communism enabled individuals to reach basic needs but not more than that. Individual is not welcome to pursue a hobby with no benefit to community. Central aim is provision of basic necessities for all. Not having followed human wants focusing on human needs soviet Russia in the beginning of the 7th decade of the 20th century experienced “jean crimes” with black market of denim trousers sales of which was monthly income of an individual of that time.

4.6.9. No motivation for going beyond the limits

Since that is the government that possesses wealth, saving amount of individuals faces a limit with income redistribution by the government.

Under these circumstances individuals have less motivation to work more than required for having guarantee for a certain amount by the government but not for more. Within structural limitations individuals are inclined to get certain careers hoping to better their condition.

4.6.10. Poverty often experienced under this regime

It is claimed that all individuals experience prosperity under communist rule since its main target is prosperity of community as a whole. However, experience shows the contrary outcomes which is poverty in this case. One single benefit for government to have control over economy is that in case of crisis or emergency government loses no time to make required decisions and apply, nevertheless, in usual-day cases people are left to the ‘good will’ of the government officials. In most of examples under communist rule majority of people have lower living standards since only prior requirement is to meet basic needs of all in the community.

4.6.11. Surplus and shortage problems often faced

Non-existence of supply and demand mechanism in communist system turns out to be its main negative point. Local market operating with no free market rule

creates biggest trouble of itself in price setting since government fails to produce the required amount in most cases with no proper price signals existing. As a result, over or under – production is being experienced with surplus and shortage problems in hand.

4.6.12. Absence of freedom of speech

It would be worth mentioning that Marx himself argued that he was not Marxist trying to reveal the truth that followers of his ideas misinterpreted some of the ideas one of which involves freedom of speech. He strongly believed that limitations on speech or censorship would bring bourgeois elite using power over the weak ones. It is hard to distinguish between what is desired by government and what is needed in society since it is government itself that has decision-making power over economy. Different people have different opinions, which is quite normal, but not in favor of government trying to create a society with 100% unified view. In order to get everything in their own way, government applies restrictions in free speech especially involving all media types. No freedom of speech as a human right is practiced under communist rule giving absolute power and control to the government.

4.6.13. Central planning fails in trade

As mentioned above, absent market mechanism creates black markets to trade. Communism aims to provide every citizen with what items system considers necessary for him to have not with the items citizen is eager to pay for. System pushes the individual in the direction decided by the government considering that individual a resource having met his basic needs with the expectation of agreement with governments decisions made for him by threatening with limitations of freedom.

4.6.14. Efficiency and productivity are out of concern with zero incentive.

Having no space for innovation or entrepreneurial mindset communism focuses on provision of basics which also gives the government no chance to focus on exports. Production for local consumption being achieved, chances for export market remains limited. Innovation being the driving engine of the economy plays no role in communist system leaving economy in a shrinking condition.

4.6.15. No balance of supply and demand especially for multinational communities.

In a multinational community communism is believed to struggle to rule since nations of different mentality, traditions and cultures obtain diverse needs to be met, besides, various ways to be governed. Thus, it becomes challenging under communist rule to provide what is needed for each. Having gathered all these diverse nations under a unique mentality with force will keep nobody happy or satisfied.

4.6.16. A classless society with no recognition for one's work

Nobody receives reward or gets remunerated, since everyone is expected to do his best for simply survival of all. An individual is expected to be efficient and productive and remain so for no specific reason and given no specific incentive for doing so. In its simplest form, it turns out to be each individual's moral duty to serve the community to the best level he can. As a result, no individual gets recognition for his outstanding performance. Trying to share resources equally communism fails in the point that equality is not what actually is needed. Having considered equality its core feature, communism builds all the system on it, being blind to the reality that under certain conditions injustice is in equality.

4.6.17. An individual with no final say regarding his own career

An individual with no right to choose his own career or to pursue his passion turns out to be useless as an economic force, since he guarantees certain income to be provided by the government sees no incentive in being productive, innovative or efficient. In majority of scenarios individuals quit their best performance with the mentality of having their basic needs met under all circumstances.

As a result decreasing efficiency gradually till the point ending up with zero.

One fact is undeniable that responsibility is taken by an individual with a say in decision-making. Having no say in decisions of his concern, individual feels no responsibility to accomplish the tasks given in best quality possible.

4.6.18. Innovation limited with no incentive due to deficient competitiveness

Profit is main incentive for most people to be efficient and productive and in major cases it brings innovation. In certain fields it is especially needed such as medicine besides technology. Technological advancements took the society to a higher level not only in economic terms but in all means. Parallel to that, medicine experienced prosperity due to innovation driven mentality. Although this is government that stops companies from charging higher prices, at the same time it is government control over economy that prevents innovation and profit incentive bringing stability and later leading to deterioration as a result of long term stability equaling lack of progress.

4.6.19. Inefficient “Efficiency”

Government seems to be inefficient in production for various reasons one of which is having monopoly power over economy which means government having no competitor at all faces zero challenge. As a result, government has no aim such as fast-response to economic needs of consumers if any response at all, faces no

obstacle and has no threat such as market exit due to inefficiency. On the one hand, no consumer need is emphasized, on the other hand, no other competitor causes a threat to the government bringing inefficient results as a consequence of all parallel factors.

4.6.20. Misconception

Although that was communism experienced, Stalinism and Marxism differed to a certain extent a distinguishing point of which is worth mentioning since it is prone to be misconception by majority. In Marx's view, he focused on betterment of workers conditions, however, for Stalin repression of workers was for the state's benefit. For Stalin communism meant a system suppressing individuals, for Marx, on the contrary, the former stage - socialism and the latter stage - communism aimed at provision of democracy for all.

After all, it is worth mentioning again that seeing certain Marxist ideas misinterpreted by followers of this vision Marx himself mentioned himself not to be Marxist.

CHAPTER 5

WHAT IS FASCISM?

According to Robert Paxton's definition, it is "a form of political practice distinctive to the 20th century that arouses popular enthusiasm by sophisticated propaganda techniques for an anti-liberal, anti-socialist, violently exclusionary, expansionist nationalist agenda." R.Paxton is professor at University of Columbia and known by great masses as father of fascism studies. In his view, fascism concentrates on "internal cleansing and external expansion," as he mentioned in "The Anatomy of Fascism." He continues with the ideas that fascism operates with current-time structure of community, does not change or rebuild, thus, violent approach can be justified in these terms to get rid of minor and opposing groups.

Furthermore, Fascism as a system of government is known to cartelize the private sector, deny fundamental human rights and liberties giving the unlimited power to the state to become the master of society, centrally plan economy to subsidize producers, and exalt the police to establish and maintain the order.

According to critics of Fascism, fascism accelerates a giant, forcing, heavy and slow state on the free market draining resources, for whom it turns out to be reason why the this government was named as "vampire economy", since, in their view, this system absorbs active economy and turns it into gradually dying one.

Objectively, under fascist rule state has control over personal property owning production tools which are entrepreneurial state, labor, capital plus resources given by nature. In Fascist vision, having the belief of powerful nation being homogenous for experiencing ever-lasting prosperity, nation building is the prior goal, thus, state guides firms to work to operate for interest of the national.

5.1. Eight Must-Know Points of Fascism

John T. Flynn provides 8 major points. Firstly, for there is no power limitation for government it is considered totalitarian. Since there are indeed no

limits to what the state can do, one must obey or be “caged” or killed. Thus, no single point is left non-experiencing state intervening, with healthcare regulation, transport, clothing, consumption goods, including personal ties. The way Mussolini (Fascist leader in Italy) clarifies: “All within the State, nothing outside the State, nothing against the State.” Secondly, state dictatorship is leading policy. Judicial branch is solely responsible for executive branch dictation to be met and legislative branch to confirm executive branch policy. Thirdly, giant extent of bureaucracy is experienced for planned economy of all times demands bureaucracy. Next, existence of cartels in economy as syndicalism means control by producers. Besides, Autarky is the main policy in plan of economic decisions meaning being self-sufficient. Nation is expected to cover giant geographic area so as be capable of providing fast growth of economy for an expanding populace. Next points illustrated by John T.F. are: Expenditure and debts as necessary units for state maintenance of economy; giant military spending for key state policy; military costs serving goals of imperialism.

5.2. Ideas Supported in Fascism

In the Fascist belief liberal democracy is archive; totalitarian single-party rule is vital in terms of preparing populace for military clash besides handling economic difficulties effective way. A leader-dictator plus state consisting fascist part participants are required to lead such a state and forge national unity besides maintaining society in a stable order. From the Fascist view angle, violence is not actually negative in grain. When it comes to political violence, war and imperialism, for a fascist they are just means in order to achieve national rejuvenation. The type of economy fascism supporters favor is mixed type, main aim which is achieving autarky - by which self-sufficient local economy is meant - applying protective/intervening strategies for economy.

For question - the ground for emerging Fascism, the response is ultra-nationalism united re-born nation legend. This also explains why Fascism provides solutions for socio-political plus economy-related issues by realizing nation reborn, honoring race superlative to rest besides the promotion of cults of unity and strength.

A nation in the fascist viewpoint is a single entity binding people with close knits by their ancestry and the force that unifies them naturally.

The establishment of a totalitarian state is promoted by Fascism opposing liberal democracy, rejecting multi-party systems, on the contrary, supporting a one-party state.

Production of educational and media materials was regulated by Fascist governments since that was in their concern to inform students about the importance of fascism for the nation in both historical and political terms, using education as a tool to glorify the movement.

With autarky as core target, they opposed mainstream socialism despite in certain cases considering fascism as a nationalist kind of socialism in order to demonstrate commitment to national unity and solidarity, besides opposing inter/multinational capitalism operating on demand-supply mechanism, however, supporting type – capitalism of high productivity. In brief, it was introduced as a mid-way between international-socialism and free-market type capitalism.

The resolution of domestic class conflicts by the government resolving between-class matters, since bourgeois-proletarian conflict existed primarily, was advocated by the Fascist governments with the purpose of securing national solidarity.

Certain traits due to being accepted as features belonging to the bourgeois mentality such as materialism, rudeness, cowardice, besides, being unable to grasp the notion of fascist “fighter”, plus, the notions associated with individualism, parliamentarianism and liberalism are known to be condemned by the fascists.

Henri de Saint-Simon's views gave inspiration to creating utopian-type socialism affecting different philosophies, highlighting unity over class struggles fascists condemned socialism types that are internationalist; Marxist, claiming in terms of economics to provide capitalism in its prospering form, in simplistic terms, mediating between socialism and capitalism focusing on betterment and getting the best out of each by avoiding irrelevant types of both. Since Saint Simon's idea about

productivity in economic terms meant not only employees but also managers/owners against non-productive financiers with inappropriate speculation.

Both Marxism and Fascism had some points to condemn in capitalism, whereas those points differed to some extent. While exploitative property relations being condemned by Marxism, Fascism considered credit and money control nature of capitalism to be abusive. The views to class conflicts differed as well. For Marxists it was an engine of historical materialism, in the fascist views, however, workers and productive capitalists were united under one name – productive people being in conflict with certain ills of the society such as corrupt politics and corrupt financial capital, besides feeble individuals.

According to Hitler's statement, productive capitalism was supported by the Nazi Party being based on earned profit as a result of one's labor, on the contrary, that was unproductive or loan capitalism being condemned by the party due to deriving profit from speculation. A mixed economy involving both private and public ownership of production means being controlled by the state was supported by the fascists. Unlike socialism or communism, economic planning was implemented not only in public, but also in private sector. Economic ideology of fascism supported the profit motive highlighting the significance that national interest is superior to private motive, and in this regard, the success and prosperity of private enterprise was highly dependent on the harmony it could create with the public sector goals.

To be more precise, capitalism was criticized not due to competitiveness in its nature nor for supporting personal proprietorship, being favored by fascists — however owing to being individualist/materialist support of moral decline of bourgeois and being indifferent to the nation as a notion. However, fascists considered material wealth and power significant, materialism was condemned by them for missing spiritual effect existing in communism and capitalism.

Besides the traits criticized by fascism, there were certain points fascism was criticized for, one of the most common and strongest of which was its being

a tyranny. Thus, it is an all-known fact that Fascism is absolutely non-and-anti-democratic.

As an end goal, fascists' main purpose is utilizing the country's assets to create a rise in the power of a country, which brings nationalizing possessions, in Montague's view, for exact the same thing fascism shares common points with Marxism.

"If Marxism was meant to become a magnitude of countries sharing assets in an economic idea, fascists tried to do the same thing within a country," was how he clarified. .

Considering fact that in Fascism this is a nation having supremacy, in general, Fascism is against any religion, since having an aim of creating a nation achieved its full strength fascists literally "worship" a national solidarity. To be precise, any kind of political, religious belief is rejected and is not left unpunished in case it is against the state for the state is believed to possess the strength ever possible.

Some of the ideas supported in Fascism

5.2.1. Survival of a race

Being impacted by Darwin's theory - natural selection, fascism measures state's power with capability of financing wars ending with victory. In fascist beliefs state is chosen because of surviving need since it is dominant plus strong. In this view, weakness is peace, power is aggressive. In Fascist view, this is strength considered final product which ensuring state surviving.

5.2.2. Tough class structure

Since in fascism existence of tough social order is experienced, in communism a total opposite is experienced with abolishment of class distinguishing. Totally opposing humanist plus democratic views, in fascism clear class distinction is opined as vitality for chaos avoidance creating governmental threatening. Class-system retained with each individual having a defined, unaltered,

specified place in governmental glorification is the defining point as the State power.

5.2.3. Authoritarian leadership

A leader given total power, who often becomes State symbol, is an inseparable part of the fascist concept of leadership pivotal in unity maintenance plus unquestioned sub-mission demanded by government.

5.2.4. Violence

Being violating, in this philosophy, government is not able to reach power and maintain it without the setting the tough disciplinary measures plus total body-mind unity. Thus, from given viewpoint, physically being violated is inevitable for suppressing individuals standing out of majority especially in case opposing State will.

5.2.5. Social Regeneration

Assuming the State the core point, social regeneration is central aim, which can be realized by unity of a nation rejecting individualism, requiring primary help from populace which is usually gained by various propaganda means especially media.

5.3. The major ideas promoted by Fascists

3 of the terms put fascism under prosperity one of which is nation experiencing economic crisis in a severe extent. The other is individual to have a strong belief that current organizations are unable to make the conditions get better or experience any development. And last of all is once-existent-now-lost magnificence to be promised to re-achieve. To regain past glory leader of high charisma is wanted in this mentality.

5.3.1. A nation in crisis

Two primary reasons for the State's decline are diverse races, ethnicities and their conspiracy in country making it "impure" plus weakening.

5.3.2. Lost Past Glory

Once supreme now impaired is the belief aspiring in direction of renewing or reforming in a way that brings lost glory back.

5.3.3. Required social change

In order to bring nation back to its previous state certain changes in life conditions and social structure are required. Modern-day governments with certain fascist views implement anti-immigration policy, protection of people from outside aggressor, state intrusion in production to guarantee economic progress and avoid shortage problem or decline.

Neo-fascism or neo-Nazism is believed to still continue its existence mostly in form like random tiny acts spreading ideas for a nation to be supreme or pure.

With seven characteristic features – being mainly

1. Taking others' rights without permission/ by force - Usurpation
2. Bringing nation back to its previous state of glory - Nationalism
3. Military power to demonstrate supremacy - Militarism
4. A charismatic leader to be "worshipped" – Father figure
5. Mentality of a strong mass – as a government – to be able to realize everything, minor groups being the reason for failing – Mass appeal
6. State surveillance
7. Minority/ Opponent oppression

5.4. Advantages of Fascism

5.4.1. Transformation of the society

Fascist economies can be of great effect for complete transformation of a community into leader's vision. They share a vast number pros of central planning plus large-scale resource adaptation enabling them to realize giant projects to create industrial strength. Illustrating an example, Soviet Russia can be the best sample to demonstrate how successful central planning of economy was in creating military strength to fight against Germany in WW II and right after it focusing on economy to re-prosper.

5.4.2. Prioritizing the welfare of the country

By focusing on the development of the country as a whole, fascism demonstrates one of its best features. In this aspect, in Fascist system governmental funds are prone to be allocated for improving national defense and weapon sufficiency, well-trained soldiers, armed means to provide the necessary protection against possible foreign invasion. Besides, the fascist government will direct financial resources on cultural spending to make required improvements in the field, which could include creating a rise in number of museums, national landmarks to save national cultural heritage.

With the main focus being on the welfare of the country, it brought to feeling of national pride in all countries implementing the fascist ideology. For instance, Italian people felt honored to belong to this nation, which was the same for the case of Germany as well, thus, it can be concluded that fascism as a system encouraged and restored national pride.

5.4.3. Promoting socio-economic equality

Uniting individuals around equal conditions eliminating classes of social and economic sense emerges as an aim of fascism. Since the government has a total control over the country, demanding the rich to give up their wealth with the purpose of redistribution of wealth among the poor seems, theoretically, be abolishing high/low class division leading to social equality with no extreme richness or poverty in the community.

5.4.4. Accelerating the decision-making process

Owing to non-existence of bureaucratic hoops, the system enables the dictator to decide about a certain issue like managing traffic, controlling crime, which would have an immediate implementation, resulting in the progress without any delays.

5.4.5. Exceptional for armed-force production

Having immediate action, violent power as key points of army, besides preventing or at least diminishing individual human rights and opinions to a great extent fascism is able to build military efficiency and discipline by aggression.

5.4.6. Improving peace and order

Theft and burglary being common kinds of crime usually are not a point of discussion within a fascist government for the fact that the government being in total control, may set difficult punishments for certain crimes which will discourage individuals to commit crime leading to the peace and order in the country.

5.4.7. Material Development

Fascism prioritizing the nation built economic wealth under Fascist rule. Illustrating the example of Italy, experiencing fascism during 1919-43, country experienced material blossoming. The same can be mentioned for A.Hitler's

Germany, since infrastructural development besides growth of industry products were experienced.

5.4.8. The efficient concentration of wealth

Some strongly argue that valuable possession and strength concentration in its feasible form ever can be achieved under fascist rule since corporate and governmental power union enables firms operating in system to benefit from.

5.4.9. Economic growth

Owing to the government having supervision on production tools plus way commerce is conducted, fascism fuels economic growth. In many ways, economic growth is considered to be one of the biggest promises of fascism.

5.5. Disadvantages of Fascism

5.5.1. Unable to meet the demand

Unable to get accurate and detailed information regarding consumer needs on time a centrally planned economy setting wages and prices loses the necessary feedback indicating supply and demand figures which occur naturally in a free market economy.

5.5.2. Creating grounds for a black market

As a result, shortages in consumer goods become inevitable. Since all production is focused on serving benefits of nation, such as military tools, to have compensation, people are obliged to black market trading for goods not provided by the fascist economy, which destroys people's trust for state leading to cynical thoughts, rebels in longer while.

5.5.3. Environmentally Unfriendly

According to some critics, as external costs are neglected, to illustrate, types of polluting, products become more reasonable plus reachable on the expense of depleting natural reserves and lowering life standard in impacted places.

5.5.4. Possibility of Rigging

For Fascism supports only the ones aligning with priorities of nation, they might have utility of the strength with purpose of rigging system plus creating extra entrance impediments, which is inclusive of legality, education, capital, in longer while, limiting variety plus innovative approach.

In Fascist views the ones not aiding national value in action including minor gatherings, old people, disabled, plus care-taking people are either attacked or ignored being blamed for past economic ailments.

5.5.5. Paving the way to the abuse of power

"Power corrupts, and absolute power corrupts absolutely"

Since a whole country is in the command of a dictator under the fascist rule, a high rate of possibility of the power abuse by the dictator is a threat to overcome. For the fact that this is an inevitable human trait to feel superior to others while being given full authority over a certain field or in this case a country, the chance of power abuse seems to be a threatening point under the dictatorship conditions.

On the other hand, the dictator under these circumstances may utilize the strength for abusing individuals they do not favor for any possible ground. To illustrate the example for the abovementioned case, Hitler during the 1930s and 1940s in Germany, believing, Jewish people were “subhumans” and sociably displeasing, abused strength in killing millions Jewish people for eliminating them from the area.

5.5.6. Preventing Free Speech

Criticism and opposition are two of the points not being tolerated in the fascist ideology. Individuals criticizing, opposing dictating individual face higher chances of being in prison in, worsened case, life sentence.

No human right is a matter of concern or even given any priority under these circumstances, having whole country for dictator dominates over a whole country putting general populace in fear to say their real ideas. In brief, fascism is known not to give priority for rights of people, thus, not even the press being an exception, but facing a threat with the possibility of censorship.

5.5.7. A big gap between the well-off and needy ones

In theoretical means, fascism is believed to bring equality, however, in reality, this does not always happen the way it is believed to be theoretically. Since the upper class would go by all means for saving wealth, position in society leading for making agreement with leader to keep their position at society unchanged. Needy ones, on the other hand, are given no option just abide by orders made by state officials.

5.5.8. Damaging the economy

A vast majority of countries today enjoy prosperity due to the contributions of foreign investment to the growth and development of the country. Nevertheless, this is not the case in fascist nations. Full control of the government on entire fields is the demotivating point for foreign investment business initiatives in the area for the fact of obligation to follow severely set regulation of dictator such as being obliged give giant sums for official permission to commence a business.

5.5.9. Drain the Funds

Since military spending gets giant sums, they leave a tiny amount for fields of major significance such as education, medical field or agricultural interests. As a

results, despite higher efficiency in production, the expected efficiency in distribution is not achieved.

5.5.10. Disregard for International Law

For the fact that nation is the priority in this ideology, Fascism not conforming to standards acceptable in international circles, disregarding international law and norms, refuses to cooperate with the international community.

5.5.11. Disrespect for human life

Due to the fact that a fascist regime loves to engage in war, as a historically proven fact, the fascist governments fought many battles like was with Mussolini government and A.Hitler's. There is no war without the loss of human life, which leads to the point that human life as an individual has no regard under the fascist control owing to the fact that the regime is eager to sacrifice human lives for the nation to benefit as a whole.

CHAPTER 6

WHAT IS ECONOMICS IN ISLAMIC VIEW ?

The Islamic Economics being utilized as term to denote financial transaction rules or diverse economic activities way allowed and supported by Sharia by which Quran and Sunnah are meant according to which major economic decisions are made regarding things needed, allowed, restricted, motivated or discouraged.

Quran, Sunnah-derived moral frames besides behavior patterns, accumulating zakat besides different tax types, interest –riba for debt being totally prohibited, Qimar – gambling - speculation not having any bases of proper analysis of information available, and Taa'won – mutual cooperation, Gharar- referring uncertain or highly risky state created by one party on purpose or by unplanned deficiency of necessary data with chance affecting final result of the contract; for instance, duties and rights of sides of contract, product specification related information such as quantity, price, or quality to be withheld - are considered to be the central features of Islamic Economics.

As an economic system, Islamic economics paves the third way – an ideal mean between capitalism and socialism eliminating the cons of both.

Islamic Economics aims to realize economic activities according to the orders of Allah in individual lives, community life and at the Ummah level - micro, meso and macro levels accordingly.

Property being one of the major defining features of an economic system, is considered to be of two kinds, namely public, state and private property in Islamic economics as well.

The former denotes to resources found in nature, for instance, woods, water, land, oceans enabling every individual have equal rights to, since they are thought to be proprietorship of common type belonging to all in society in an Islamic economic view. Public property is allowed to be utilized by each individual under the fact that it poses no restriction or limitation to others' rights, are under control and protection

of the Islamic state. When it comes to making public property private or national, it still debatable among Islamic scholars.

State property being both movable and immovable including definite natural resources besides some other property which cannot immediately be privatized, can be obtained through conquest or peaceful ways with no exception of non-claimed land even being non-cultivated. 1/5th armed weapons and tools taken during the battle was taken as state property while the life of Muhammad (p.b.u.h.), which was the same for the conquered land as well. The reason behind having this property as a state property and not privatizing is that it would lead to the concentration of resources in a few hands preventing it profiting community as a whole. Thus, proprietorship remains under cultivator invasion, while tax collection with the purpose of government treasure.

Since taxation, inheritance, prohibition against stealing - imposing strict punishments on thieves Islam protects property rights - , legality of ownership, charity recommendation and some other private property related topics are pointed out in Quran, it is clarified that private ownership is recognized in Islamic economics.

Private Property is categorized as involuntary (inheritance, bequests, gifts), non-contractual (utilization of natural resources primarily unclaimed to be personal property), and contractual (trade, rent, hire labour etc.) according Islamic Economics.

In case private ownership causes some sort of threat to the general community good, the state considering the public interest is given the right to restrict proportion a person is permitted to possess – having a similar feature with the community interest seeking communism and still differing from nation prioritizing fascism in the point of being just to people belonging to any nation not only to a specific one -, according to some supporters of Islamic Economics, namely Maliki and Hanbali jurists, still being as a matter of debate among others.

According to Nomani and Rahnema, in the view of Islamic economics, markets are considered to be essential mechanism of coordination in system. Since

under perfect competition conditions buyers are enabled to get goods that meet their expectations and sellers are enabled to sell for a desired price.

In an operating market 3 main conditions are considered significant, which are freedom of exchange encouraging trade and rejecting the assumption of its being forbidden, individual proprietorship and contract security calling for fulfillment of contracts, especially commercial ones dealing with immediate and future payments being the main concentration point.

Manipulating market by such as increasing prices by creation of lack artificially, overbidding with price increase aim, hiding significant data from the contractor are prohibited in Islamic Economics.

Price fixing, hoarding, monopoly, market entry barriers and bribery as forms of market manipulation are forbidden or at least discouraged in Islamic economics, when it comes to state interference, it is allowed given certain conditions.

In Islamic Economics individuals are given certain socio-economic rights that prove this economic system to be based on the sense of justice such as enabling the individuals to have an access to the production factors which are land, labor, capital (economic justice), to be heard (legal justice), and provided with education, usual requirements, public property use, safety and others (fair society), however, to what extent these rights are accomplished and respected will to a great extent be as the duty of the ruler(s) of the time dependent on the one(s) in power at that time.

Compared to capitalism in which the individuals are considered to be the direct owners of private property, and socialism in which the individuals are seen as collective owners of all the property, In Islamic Economics individuals, however, treat the property in their control as all the property belongs to God Almighty according to the religious belief, and despite being legal owners of the property, in this belief, they will be accountable for the use of the property on the Judgement Day.

Interest-*riba*, being explained as extra amount for borrowed or lent money, in conventional economic systems, was obtained by the lenders since they provided

loans for a pre-defined period, however, Islamic economics *riba* kinds are prohibited due to its exploiting the weak leading to the wealth accumulation in a few hands as a result of which creating a class distinction by expanding the gap between well-off and sufferers of poverty. Islamic economics prohibits *riba*, owing to giving increase for zero-risk capital, on the other hand, provides another form of finance which is deal based on sharing both profit and loss in economic operations. Apart from *riba*, both profits and losses to be shared is a concept giving rise to risk-based capital.

Profit&loss sharing form enables pre-determined balance such as 50/50 or 80/20 etc., which means in this form no percentage from profit is a point, but previously decided certain amount or ratio. When it comes to loss, share division is on the base of capital contribution. To clarify, in a scenario in which investor provides all capital and the manager runs the business, profit sharing happens under pre-determined ratio for instance 60/40. In terms of loss, the investor is expected to confront capital loss, since the manager experiences a loss as well in the form of resources such as labour, time and energy having been wasted for business. No return on capital can be fixed or pre-agreed. Consequently, profit portion must legitimized by risk sharing in case loss occurs.

In Islamic Economics belief in Allah is what regulates social duties such as equality and fairness. Contracts are known to be major element in social trust. Thus, if parties fulfill their duties as mentioned in the contract social trust prospers, however, in the contrary case scenario trust gets damaged as a result affecting social and economic ties negatively.

Besides all, Islamic economics is strongly against financial transactions not generating economic activities. It is expected for each financial transaction to be profiting plus halal in wealth creation of an individual besides bringing benefits to the community in general such as creating work positions, developing conditions.

Wealth accumulation is prohibited in Islamic approach due to ending with poverty deprivation of basic social rights. Money considered potential capital plus driving force in economy is believed that money circulate in economy in order to

activate and keep this flow active. Thus, Islamic economics is against wastage, on the contrary, supports investment in halal businesses.

Investors get the reward of fixed capital payback, being often cases guarantee in traditional economies. Award is dependent on risk taken by investors and asset performance in Islamic finance and economic management. Prohibition of paper-based transactions in Islamic Economics is due to not generating increasing wealth besides being negative to community in general. When it comes to wealth acquisition, either utilized land, labor, capital or heritage can be the ways according to Islamic Economics. Hence, illegal ways of wealth making such as corrupting, human right violation, exploitation of the ones in poverty is prohibited. Participating in charity with the aim of decreasing distinction between “haves” and “have-nots” is strongly encouraged in Islamic Economic Management. Hence, according to the notion of Zakat, every individual is expected to spend 2.5% of their net wealth for the needy ones. By “wealth” extra amount after meeting consuming needs is meant.

In Islam not existing items not are allowed to be sold. In the modern day reality it is an all-known fact that the mere thought about the slight interest rate fluctuation brings immediate destruction to all areas of economy demonstrating the point of significance interest rates have in the economy. First of all this is what motivates to save and second of all, allocates capital. To get into details, saving is a vital point of any economy due to its relation to investment rate relatedly, growth rate in the economy. Since saving of too much as too little are inefficient, interest rates, in this regard, becomes a tool to control the rate of saving and keep the right balance depending on the economic conditions.

In terms of the distributive function of interest, interest rate is believed to have an intrinsic role in the evaluation of investment project possibility plus various rare resource use. Owing to capital scarcity, a tool directing resource to produce the highest return is required. In case of misdirection it is quite possible for capital to be used for less significant projects, leaving significant ones with no investment capital.

Having interest rate as a regulation tool, anticipated benefits are compared to interest rate bringing out case in which only projects with more profits than “cost”

are financed including self-financing because of interest playing “alternative” for other investment opportunities for example opportunity cost.

On the other hand, efficiency being an objective of every modern economy, each economy struggles to have the best possible resource allocation to achieve maximum overall return- growth rate since no interest equals to a very low rate of saving ending up with inefficient use of scarce resources.

Since usury is not allowed in Islamic economics, there is such a strong claim that an interest free system is not feasible only, also superior to interest-based one. As was mentioned previously, interest is the triggering point for saving, since absence of interest brings low rate of saving. However, it is not the one and only reason for saving. Analysis of John Maynard Keynes in his General Theory clarifies the fact that the rate of saving simply depends on the amount of income. In case of a rise experienced in income, with no regard to interest rates savings will rise. Empirical studies prove the motive for saving to be in majority of the cases unrelated to the interest rate. To provide more details on the point, absence of interest rate will not bring the absence of saving, but undeniably, will result in a lower rate of saving than in case of its presence. The role of interest rate lays more on attracting savings to the banking system, indeed, for the interest is considered to be an award given to the saver in the interest-based economic system. In case of interest-free economic system, however, savers are still rewarded, but differently from the interest based economic system. This is an undeniable fact that any banking system without this kind of reward fails to attract savings in Islamic or any other system. Nevertheless, this reward is certain to be contingent on fund users performance. To illustrate, it is expected to be in the form of profit share generated through saving utility but not in the form of a predetermined fixed return. For this reason, in Islamic economics, it is not assumed that the interest free system will bring a definite decrease in the rate of savings.

The fact that compared to a conventional banking system, deposits in profit-and-loss-sharing banking system (PLS) are exposed to a higher degree of risk leaving the savers at a disadvantage in an interest free system, is only true under the

circumstance that depositors having significantly higher increase rates of risk taking in a PLS system are then compensated by the higher rates of return.

Only under perfectly competitive market conditions, where marginal productivity of each project is perfectly known plus comparable to going interest rate, interest plays a significant role of an efficient allocator, however, in reality even in the highly advanced industrial economies there is no presence of such a market, since money and capital markets suffer from the imperfections to a great extent. Since the government effect on the market mechanism results in directing resources according to socio-political priorities away from marginal productivity not totally leaving the scarce resource allocation to the market forces and due to the point of credit-reliability of borrower makes a more important sense to lender than project possibility, many of projects with return rate exceeding the interest rate plus meeting efficiency rate criteria go unfinanced revealing one of such imperfections.

Profit rate is considered to be more relevant than interest as an indicator for efficiency and optimal resource allocation purpose, since profit rate is a real index not monetary, besides, its use decreases the dominance of financial sector over the real sector in the economy introducing stability to a great extent in the system.

Despite recognition of the time value of money, it is allowed to have a monetary consideration only in certain transactions, hence, being prohibited to attach monetary value to time in sale but not in loans. A question arises: Why?

Income generation allowance from pure monetary transactions will lead lenders not to be involved in services and goods production, ultimately, exposing financial sector with the generated income just from time passage being independent from real sector in which the goods and services are produced ending up with dichotomy directing the income besides wealth redistribution toward one sector or another depending on economic condition with the instability guided by boom and bust cycles, as a result of which injustice is created.

As a common point of capitalism and Islamic economics production due to providing employment and opportunity, is the major point of focus in order to achieve expected economic growth. However, consumption remaining the driving

engine of capitalist economic system, turns out to be of less significance in Islamic economics owing to the fact that Islam as a religious belief, or moral philosophy considered by non-Muslim groups supports a simple way of living in which consumption of unnecessary goods is not encouraged.

Regarding wealth, accumulation of which is highly supported by the capitalist economies, is strongly criticized by Islamic Economics as a source of sole motivation for business or economic activities, in spite of wealth acquisition still not being discouraged since it includes the payment of Zakat.

Government having a role as limited as possible in capitalist economies, takes higher duties under the rule of Islamic Economic Management System such as providing equal economic opportunities and freedom enabling every individual in the society to adopt any profession or business within the frames of law, fulfilling basic life necessities such as food, clothing, healthcare, education, shelter and similar ones of its kind for the needy ones in the community, and operating to keep down the activities of non-Islamic nature such as gambling, black market operations, smuggling and some others of this kind. Since interest makes the society inactive, in an interest free Islamic economic system this is also the government's responsibility to have stable prices by the help of monetary and fiscal policies.

In contrast to capitalism, which is a morally neutral system, Islamic economics is a morally directed system with no free market as in capitalism nor total proprietorship, in which individual attempt needs to be discharged on social responsibility framework, having the goal of establishment and maintenance of social welfare.

Work as the basic production factor is considered to be tool for the generation and distribution of wealth and, thus, money as exchange tool plus value store is not permitted to be commodity at Islamic economic system comparably.

What makes Islamic economics difficult to implement is its being based on moral values, rather than an operational mechanism. Besides, it is easy to escape from the responsibility of Zakat, and again due to being based on moral and religious beliefs of Muslims, it is highly difficult to be applied in non-Muslim societies despite

its advantages being accepted worldwide. A tiny disadvantageous case for the Islamic economics in modern day reality is that today's world shows a greater interest in Islamic finance rather than Islamic economics as a fully operating system.

Since in Islamic economics the followers are God-conscious being based on moral values, it is against wasting resources and squandering, on the contrary, it gives full support to diligence criticizing the laziness and idleness. Besides, it prohibits all sorts of harm on the other's property and rights considering it an aggression imposed on the people's freedom. Even if the action itself is permissible, having harmful motivation is the sufficient reason to be prohibited.

In Islamic Economics property is being protected against any foreign aggression in case of one working hard to secure his property, however, property gained by the exploitative means, the enforcement, or monopoly, harming others is no longer protected.

Compared to capitalist economies in which it is enough that both parties agree to make a deal, in Islamic Economics even having both parties agreed a deal cannot be considered completed without having the permission of Shariah.

CHAPTER 7

ECONOMIC SYSTEMS COMPARED

The economic systems despite having certain central distinguishing features, in some common points turn out to be on the same spot.

Table 8.1: Economic Systems Compared

Attribute	Socialism	Capitalism	Communism	Fascism
Factors of production are owned by	Everyone	Individuals	Everyone	Individuals
Factors of production are valued for	Usefulness to people	Profit	Usefulness to people	Nation building
Allocation decided by	Central plan	Demand and supply	Central plan	Central plan
From each according to	Ability	Market decides	Ability	Value to the nation
To each according to their	Contribution	Wealth	Need	Value to the nation

7.1. Fascism VS Capitalism

Comparing fascism with capitalism, it is clearly seen that both economic systems allow entrepreneurship, however, differences regarding allowance of entrepreneurship still exist to a certain extent. In fascism, entrepreneurs are expected to follow the orders given by the central planners, and only the ones who contribute to national interest are allowed to have and continue their entrepreneurial affairs.

Since in the fascist system orders are taken from the government, not the customers (there is no price mechanism functioning upon demand-supply system), although allowed, fascism destroys entrepreneurial spirit.

Besides, fascist governments are known to skip comparative-advantage on others. Due to the fact that fascism limits innovation, it cannot benefit from the innovative advantage in which technological innovation is no exception either.

Equality of opportunity is not promoted in both systems, since, in the fascist system the ones with lacking appropriate nutrating, education can not win over the other leaving the fascist society never benefitting from their valuable skills.

7.2. Fascist compared to Socialist society

In 2of economic systems companies get rewarded by the government due to their contribution. However, in socialist economies government owns firms in strategically significant fields such as oil-gas, or various sources of energy. In economies implementing fascist order, on the other hand, private citizens are allowed to own these companies operating in the strategic industries as mentioned above.

The government is allowed to possess certain firms, nevertheless, is prone setting cartels, pursuing state interest pushes businesses to operate for the same interest.

7.3. Fascist community against Communist one

Comparing communism with fascist ideology as an economic system to be implemented in a country, in the reality of history, entrepreneurs opted for fascist leader as believed to have controlling power over the fascist leader. Consequently, the business owners found revolution (in communism) more terrifying in case of which entrepreneurs would lose total possession plus strength.

7.4. Fascist compared to Democratic views

According to the economist Milton Friedman, the existence of democracy can be the case only and only in the capitalist society. However, history has experienced many countries with fascist elements plus democratic elections. Providing an example, Hitler - a later fascist leader was previously elected.

7.5. Socialism VS Communism

Socialism is known to give people a say in economic decision making. Comparably, communism being highly authoritarian leaves individuals with no say in terms of economic decisions.

Socialism supports wealth distribution based on individual contribution enabling income making to be spent for the items of their please.

In communism, however, wealth distribution occurs based on state evaluation of personal requirements leaving low if any motivation for being more productive or innovative, due to which the system is known with decreasing rates of production, slow and restricted development, massive figures of impoverishment.

Means of production are publicly owned in the socialist system enabling the individuals to still have private propriety. To illustrate, a person may possess car, not the factory producing the car, however, in communist rules possessions belong to public given people only the right to utilize since the proprietorship is taken by government.

7.6. Market Principle Compared

In general terms while comparing the market principle with the hegemonic principle, the consequences of each reveals itself. First of all, while market principle offers individual freedom focusing on general mutual benefit trying to maximize social utility, hegemonic principle provides coercion ending up with exploitation since it is the profit of one on another's expense. Market principle with humane power on the nature provides highest efficiency in satisfying consumers, however,

hegemonic principle brings disruption of want-satisfaction with the power of man over man.

7.7. Comparing Marxian Thoughts with the views in Capitalism and Islamic Economics

In terms of the private property rights, in Marxian approach entire possessions is community's as one, which is centrally managed, maintained and utilized. In Capitalism in which private property ownership is allowed within the borders of legal regulations, certain similarities with the Islamic economic approach to private property ownership are found, despite private individuals being allowed to acquire and use the property, the concept of ownership is varied since Islamic Economic concept of ownership embraces the idea of Allah being sole property-owner plus individuals are entitled to use or hold the property accepting this fact. In Marxian way of thinking, this is the labor itself that creates value, however, in the eyes of capitalism this can be determined in exchange based on the marginal valuation, which is slightly different from the Islamic way of economic thinking promoting the concept that determination of value occurs in legal trading commodity excluding monetary goods as ones.

Despite the fact that Marxian approach leaves no space for the capitalists' share in income distribution, considering earned profit to be the surplus value extracted in exchange, capitalism claims risk based profits in exchange to be the capitalists' share due to motivating entrepreneurial risk taking, innovation and creation of ideas, however, in Islamic economics it occurs for the lawful goods only and with the serious devotion to legality and ethics.

Marxian economics sees no need in the redistribution of wealth and income, since without private property rights central planning eventually ends up with perfect equality, which is vitally different from the capitalistic approach realizing redistribution through taxes, in which inequality is tolerated and considered necessary giving no space for any other moral imperative for sharing or donating.

Nevertheless, in Islamic Economics redistribution occurs by means as Zakat, Waqf, Infak, distribution of heritage, rejecting interest based financial intermediation.

In terms of rewarding risk taking, since communism considers that all the value is created by labor effort and capitalists extract the surplus value in exchange, it provides no reward for the entrepreneurial risk taking, on the other hand, capitalism offers expected positive profits for the risk taking, which is almost the same with the Islamic economic thinking just differing in the point of lawful trade of commodities, as it is the point of high significance in Islamic Economic way of thinking.

Considering the wage inequality, in communist views, it is not accepted in spite of the differences in effort, ability, work nature and marginal productivity, however, capitalism allows the inequality considering the fact that the differences in effort, ability, working nature, productivity are undeniable, nonetheless, has none ethic requirement in dealing the in/outsider, agency conflicts. At terms of the Islamic Economic approach, although wage inequality is permitted, the effects are minimized.

7.8. Brief Comparison of Economic Systems

(Traditional / Planned / Free-Market / Mixed)

In traditional economy no formal government exists other than a sovereign or feudal lord, however, in planned economy this is the state that has decision-making power regarding all economic activities, comparably, in free-market economy there is no or little room left for the economic activities of the government, in the mixed economy the role of government is bordered with the law making and business activity regulations.

Regarding freedom of choice, in the traditional economy since every economic activity is predetermined and the role of each member of the community is highly significant for its survival, every member should follow the path traditionally determined for them leaving no space for individual decision-making or free choice-making.

In planned economy, however, the role taken by traditions is replaced by the role of government, since everything is preplanned by the government there is no individual freedom of choice concerning economic activities.

This is free market economy that enables its member to enjoy freedom of choice, not only consumers in this economic system, but also producers experience unlimited freedom of choice in making each economic decision.

In mixed economies, on the contrary, due to the role of the government in the form of government control, the freedom of choice is experienced only to a limited extent.

When it comes to the ownership of natural resources, in traditional economies this role is taken by the feudal or sovereign, similarly in the planned economy government or public sector plays the same role. On the other hand, in free market economies the role taken by the private sector only, concerning the ownership of natural resources, in mixed economies is shared between public and private sector.

Considering the price determination in each economic system, barter is the main form of trade in traditional economies, in planned economies this is the duty of the government to set prices, in free market economies the prices being determined by the price mechanism system, in mixed economies face certain limitations to function the same as in free market economies due to government regulations over the economy affecting the price determination as well.

When it comes to worker incentives, it reaches its highest peak in free market economies where the employee rights to opt any profession, involve the labor unions are approved. In planned economies, however, worker rights are restricted with state protection from unemployment. For mixed ones capitalist-style incentives are experienced in private sector, which is more limited due to government influence in public sector economic activities.

In brief, in traditional economies this is the customs and traditions that determine basic economic decisions, in planned economies public sector or state, in

free market economies private sector only, in mixed economies both private and public sector play a great role in economic decision making process.

Focusing on the production purposes briefly, market economies offer production for profit, planned economies offer production for use.

CHAPTER 8

HUMAN-CENTERED ECONOMIC MODEL

Humanism centered economic model puts the individual in the central position compared to capitalism in which the central feature is profit maximization and capital accumulation, and socialism in which it is the community benefitting as a whole and sacrificing the individual, if required for the benefit of all.

Humanism aims to create a society of highly intellectual individuals with a variety of cultural and educational background being quite tolerant to each member of the community within the frame of the highest level of respect ever possible.

In the view of humanism, this is only and only the individual himself that plays the most significant role in life and economic activities as well. Again this is the view of humanism that only and only highly intellectual individuals are able to have the economy operating in its full capacity.

Humanism not only allows but also supports freedom of speech believing that only free spirit can be able to create an effective and efficient system. Tolerating the differences in human culture, attitude and background humanism sticks to the creation of the intellectually-innovative and highly trustworthy human union.

Opposing capitalism in the point of capital accumulation, humanism believes that capital accumulation is required in a society in which the existence of high level of risk-taking, mistrust among individuals and, in general, relatively difficult or almost impossible prediction of the economic cycles such as boom and bust periods is in effect. Since humanism aims at creating a society of tolerant intellectuals with high level of trustworthiness, it points out that this is the society producing minimum waste. Compared to capitalism in which accumulation of the capital being the main purpose struggles to achieve profit maximization, humanism aims at not producing more of all, but producing more of the required. Supporting traditional economy in the point that no surplus equals to no waste, humanism opposes the capitalism on another point as well. Thus, the question appears: Who determines what is required

and how much is required? If it is not the market mechanism of demand and supply as in the case of capitalism, then what or who is the sole responsible?

Government gets the responsibility for determining how much of what is needed to be produced. And this is the International Trade Organization supporting the government in case of deficit to avoid the exaggerated price increase. International Trade Organization becomes the sole trader of global products being able to mass purchase, which enables the organization to get the products as cheap as possible. International Trade Organization plays the intermediary role between the global and local traders by buying from the local seller to sell in the global market (usually for cultural products and talent-requiring products such as paintings and similar kinds) and vice-versa. Since the main purpose is to provide the products in deficit for the cheapest price possible there is no tax levied on International Trade Organization.

Humanism follows the idea “One for All and All for One!”. Although in the point of “One for All” it becomes similar with the ideas of communism, trying to sacrifice an individual’s needs for the needs of the community, fascism aiming to sacrifice the individual in the purpose of nation building, humanism differs from both in the point of “All for One” trying to protect the rights and meet the needs of each and every follower of the ideology.

Even though this is the government taking the sole responsibility for production, differing from socialism and communism, in humanism private ownership is allowed. In order to avoid or at least to have a very slow growth of monopolistic activities in the economy to give the equal opportunities for each individual in terms of economic activities humanism limits private ownership to small and middle-size businesses only. Leaving mass production to the government and mass purchase to the International Trade Organization Humanism as an economic system regulates the size of the business by law and taxes. Small and Middle-size businesses are usually in the talent-requiring fields. Additionally, the government being the sole responsible of production, leaves the responsibility of the service sector to private ownership having no role at all in the service sector.

Government is in charge of production of final goods (production for consumption) and intermediaries (production for production). Humanism as an economic system encompasses both central planning and the global trade still having the priority of nation-wide production and leaving the global trade only for the small minority of the products in deficit for that time being aiming at minimizing international dependency and creating self-sufficient community.

Humanism leaves no space for the exploitation of the human labor, since it is the responsibility of the government to provide the required work conditions and set the minimum wage for the individuals.

In the application of the ideology in order not to create the gap between the theory and applied model of humanism, it has developed its 2 forms one of which aims at being applied in the developing countries and the other in the developed ones. Since it is believed to be the final stage of industrialization and the era of robotics, modern 1st world countries are considered to be in the category of developing countries. After application of the intermediate humanism, advanced humanism model can be applied for already developed countries. The growth or development in this economic system is not determined by the increase in production (GDP growth), however, its sole determinant is the application of technology and the minimum rate of human labor in the production. Only intellectual labor is expected to be applied in production but no physical labor use in production is allowed since it is left to the technology and the machines in the forms of robotics to provide or overcome the obstacles of the required physical labor.

Humanism as a system focuses on the supreme power of intellect and knowledge accepting the truth that “value of knowledge is content dependent” which means the same information being highly significant under certain circumstances may be a trivial point of significance under different circumstances depending on time, place and many more of other factors. To clarify, humanism despite having its main columns as an ideology, still leaves some space for flexibility embracing the reality that depending on the conditions priority may change, which means the operation of the system is predicted under the given circumstances and the system

still allows the application of usually unaccepted policies as a means of temporary solution to a permanent matter. The system considers everything that leads to a better human society to be acceptable. By “better” highly intellectual people with high moral values are meant.

The main question that stands in front of an economic system to assess the efficiency of the system is the ways for the best resource allocation. This resource allocation occurs based on social values and goals in the humanist system of economic management. The questions in resource allocation categorize as what is needed in the society and which needs should be met.

This is an undeniable fact that command economy is ineffective in dealing with day to day problems in an economy, and the capitalist way of economic management fails to obtain long-term goals for the economy since it gets harder and harder to foresee the effects and possible consequences of the market mechanism operations in the long run.

Being aware of these two aspects, humanism aims to take the mid-way which enables the economy to operate both under the command and market mechanism. To explain in details, government being responsible for the production realized by the advanced technology follows the command economy, private individuals in their turn with World Trade Organization (WTO) follow market mechanism to cover the inadequate points and the insufficiency created by the command economy, which ends up with the collaboration of two highly effective systems.

Democracy following all-affected-principle highlights that individuals impacted by decision ought to be given rights in decision making process, in accordance with ratio of effect. Humanism in its turn has no comment opposing this concept, however, according to the rules of humanism, justice is the priority. Individual justice cannot be contrasted with social justice since it follows the principle of “one for all and all for one”. The concept of democracy bring the idea of freedom into light as well. Having two different forms of freedom mainly effective and formal, freedom turns out to be a part of democratic concept. Formal freedom is known to be the non-presence of intervention, however, effective freedom is

existence of ability. Humanism as system supporting human freedom accepts all its kinds on the way of creating a better human race, and rejects any kind opposing the target.

Both economic and political freedom are offered within the frame of achieving the society with social values and moral goals.

To identify the concept of freedom in more details, this is the matter of choice, whether an individual is given the right to choose whether to do or not to do, to say or not to say (freedom of speech), to work or not to work. The system takes the responsibility to give the individuals the choice to make unless it does not cause the hurdles on the way of its prior target of achieving a society with moral and social values.

Humanism accepting the fact that individuals are unique and despite being totally different in an individual level, still can have too many common points to unite in a society level. Thus, the ideas contributing individual prosperity may oppose the ideas triggering the development of the society.

Humanism having the aim of creating the just and fair society, totally opposes any kind of injustice, however, does not consider inequality to be injustice. And the opposite is true as well, by which it is meant that equality is not the best expression of justice in the humanist view of economic management. The system provides equality of rights and opportunities for every single member in the community, besides, accepts that the individuals with different needs and talents will obtain diverse outcomes. In the humanist approach, different means another, which does not prove itself to be better or worse, but just one more. For all these considerations, humanism leaves some space for culture as well knowing its significance in economic and political management besides achieving growth and development in the country. Culture affects the decision making being a core point of the society, plus, gets under effect of certain policies in the way of realizing the ever-growing human society. To clarify, while making certain political and economic policies culture is taken into consideration, besides, culture becomes the target of certain effects since the changes in the culture results in long term realization of the

expected outcomes. Thus, culture is one of the points affecting economic growth direction in the system of humanism.

The culture in economic terms, affects the consumption which triggers the production besides the management as well, since the choice of working hours to some extent depends on the culture. Some employees would prefer to work longer hours to make more money instead of having some free hours to relax, and for some the opposite turns out to be true. Besides the culture, as a microeconomic term the law of diminishing marginal utility plays a certain role, however, to what extent that is also determined by the culture since in some nations working longer hours is preferable according to statistic terms considering the fact that employees in US gathered 705 million days of no use in 2017 with 662 million days the year before (05.08.2018 State of American Vacation 2018) certain number of individuals may prefer not to rest but work instead. Still it is debatable whether they prefer or are obliged to choose due to difficult economic conditions they face.

OSTI (Organization of Scientific and Technological Innovation) and SSO (Social Security Organization) are next major columns of the system running in the humanist way of economic management. This is in control and responsibility of OSTI to guide the society towards the necessary educational level for the required scientific and technological innovation. OSTI members are entitled to organize and have direct control over the educational activities and the researches that are conducted all over the country. SSO in its turn has the control over the quality of production, besides, being responsible for human-conscious society building and the creation of global citizens, is also responsible for legal regulations in the country including both local and international trade and all kinds of business law-making.

In terms of education since it is the main column of the development of the society, both government and private individuals can be involved. Before pointing out the role of education in the humanist system, the question of “what is education?” should be answered. Looking up in a dictionary one reveals the definition that it is experience of enlightenment, or the procedure following organized instructions. In more details, this is providing the required knowledge and information for future

application purposes. An individual trying to learn a subject has the specific purpose of implementing the received set of information in the future. This is the real reason behind trying to receive information. For people make decisions based on their predictions and their predictions are based on the information they have related to the point to be decided, people make decision on the basis of previously acquired knowledge. Thus, education is not truly about loading the information but activating the mind for innovation and right decision making.

In a macro level, the role of education may vary depending economic besides political system operating. Despite proportional differences in expectations from the education the main role remains the same for almost all economic and political systems, which is to manage, to control, lead and unite people under the same ideology to achieve a certain purpose which may differ such as increasing efficiency of production (capitalism), or creating a society with higher moral values (Islamic Economic System), or guiding them towards the goal set by the dictator (fascism) or any other.

In humanism education is mainly provided by the government and social institutions under the control of OSTI, allowing the private individuals to be involved in education as a business as well having it limited to the service sector and the talent-required fields.

Humanism as a system requires every individual to be involved in a process serving the system to achieve its prior goal of creation of highly intellectual and humanistic community, which means every individual should be benefitting the community either in public or private sector. Humanism as a system encourages hard work and smart work, opposing laziness since in the eyes of humanism it is the main threat towards the realization of its goal. With the purpose of regulating the quality of education and applying the required changes on time, the individuals even during the study period are required to work, however, part-time only. Since mass production makes products cheaper to produce, government solely can be fully sufficient as a producing figure in order to provide the nation. Besides, it is in government's responsibility to provide the primary and secondary education for all of its citizens.

When it comes to employment, government allows the sense of competition among the individuals for the required position, placing highly educated and talented individuals in well-paid positions, which gives the stimulus for achieving more.

Supporting the idea that “busy people are easy people” humanism tends to offer less free time, instead involves the individuals in promising jobs and self-study programs or part-time jobs for students or young workers (people who are believed to have higher chances to innovate), however, not aiming at human labor exploitation.

Realizing the fact that achieving the community which humanism aims at is not easy, but destined-to be. The purpose of humanism is to accelerate the process within the borders of control. Education in the humanism does not intend to have that everybody-knows-everything approach, instead, focuses on talents and the productivity, plus, considers human interest in the field to be of higher significance in the point of benefitting society, thus, supports specialization in education.

Getting into details, education triggering innovation and efficiency requires hard and smart work. In this system, an individual at the age of 8 is required to know basics of each academic field and be able to speak minimum of 2 languages fluently. Language learning is not required for future production purposes or any other, since this is the era of highly developed technology an individual without knowing any second language can operate thoroughly. The purpose behind language learning is the effect it has on the brain functioning, enabling it to be more innovative and efficient. Since it is the aim of education in the humanism as a system, language learning becomes a must as a way of perfect training for the brain. A 13-years-old individual is expected to have the lessons in 4 categories which are technology, moral and ethics, sports, and 8 science-related subjects 4 of which are optional. The other 4 subjects in the field of science are obligatory depending on the field the student chooses to study aiming at the specialization in education. Besides, till the age of 17 the individual works 2-4 hours in different fields mainly social work. At the age of 17 an individual after being examined starts his working career with part-time work for 4 hours and studies in accordance with his specialization. Only at the

age of 22 the individual starts working full time, which means 8 hours. Till the age of 26 an individual carries on science-oriented studies and at the age of 26 starts science-oriented work which is usually research, professing, inventions etc.

Before expressing the thorough attitude of humanism towards democracy, it is better to identify the concepts of power and freedom. The definition provided by the dictionary for the word power is “the capacity or ability to direct or influence the behavior of others or the course of events” and freedom is “the power or the right to act, speak, or think as one wants”. Simply, democracy means the choice made by majority. Analyzing these three concepts, one can clearly see that democracy equals to majority and majority, in its turn, equals to power. Democracy supports the quantity not quality enabling every individual to attend process of making decisions. In one aspect, giving freedom for choice to each member of the community is quite fair, on the other hand, not every individual is able to make the right choice for himself. Considering the fact that the result of the commonly made decisions will affect the community as a whole, then having only an individual approach to the decision making process loses its share of justice. In more details, having a rough division of 20/80, majority of people are ruled by the minority, or should be ruled by the minority. Democracy, however, proves the opposite: majority rules the minority. Since the resources are limited, not everyone gets the same chance or the level of resources, besides, each person is unique and effects on them result in totally various outcomes. To cut it short, “top guys” are always low in number creating only the 20% proportion. In fact, focusing on the quality of decision making but not the quantity as democracy suggests, one can easily see that a highly intelligent individual can make comparably 5-15 times better decisions than 20 ordinary people for themselves only. To illustrate the case, one can think of a classroom with one teacher and 40 students. Undeniably, the teacher is the one to make the right decision for the students to learn since she is the experienced one in the field. Leaving the decision to be made by the students or to choose the teacher they want is the same as accepting the possibility of having uneducated students. According to which criteria are the students going to assess the teacher? Knowledge: students do not know enough to assess whether the teacher is educated enough or not. Teaching style or

methodological capabilities: again students have almost no idea of it. So how are they going to make the best choice for themselves? They are going to choose the one that will follow their instructions which are about what they want but not what they truly need. Which student wants to do never ending home assignments? None. It is the same as leaving the decision to be made by the patient not a doctor. Which patient wants to get that bitter pill? None. Democracy is almost the same as letting the patient die because he did not want to take that bitter pill. Under democratic conditions, there is nobody to blame. Since that was the patient to decide and it was his decision to die instead of taking the pill. What if everybody decides not to take the pill? And what if it takes them too much to learn that they actually should have chosen the pill despite its being bitter. What if students realize it too late that they needed to choose the teacher that would actually teach them more because she was tough but more educated than others? What happens? The society loses as a whole. Since it was the decision of majority, minority suffers as well. The minority that actually knew the best decisions to be made. Thus, more does not always mean better. Considering the fact that majority of people are uneducated besides being inexperienced in the field they are expected to make the right decisions for themselves they end up making the wrong decisions for themselves which as a result affects the whole community negatively. In brief, Humanism in some points sees eye to eye with democracy, but in some points only. What Humanism suggests is that highly significant decisions should be left to the highly experienced and educated ones in the field. It is the fact that sometimes people are not well-informed and fail to make the right decisions for themselves. Since people have too much mercy on themselves, they bring their end but not having made the required decisions on time.

Another question such as “how to know who should or can make the right choice for everyone?” emerges. The answer is more educated and experienced ones. But most importantly, the ones who follow the rules of humanism which is based on justice. One should always remember that “an individual who is professional in the field with the required experience but lacks moral values is the most dangerous threat for the community.” Since that individual will create more harm than benefit for the welfare of the community, which is one of the threatening negatives of capitalism for

it allows unlimited freedom for each individual. Thus, humanism supports the choices to be made by the highly intelligent individuals with moral values, and strongly believes that the peak will always remain in 20% not ever exceeding that figure, hence, that exact 20% should manage the remaining 80% of population.

CHAPTER 9

FACTS AND FIGURES

Since the question is the way of economic management of the society which means the way to manage the population, it requires an in-depth analysis of population to identify who they are, where they live, what they do and in general terms, what changes they go or have gone through. Since we consider everything in macroeconomic terms, we will go for general analysis with the purpose of creating the vision of historic development and modern day realities expressed in numbers.

9.1. Population

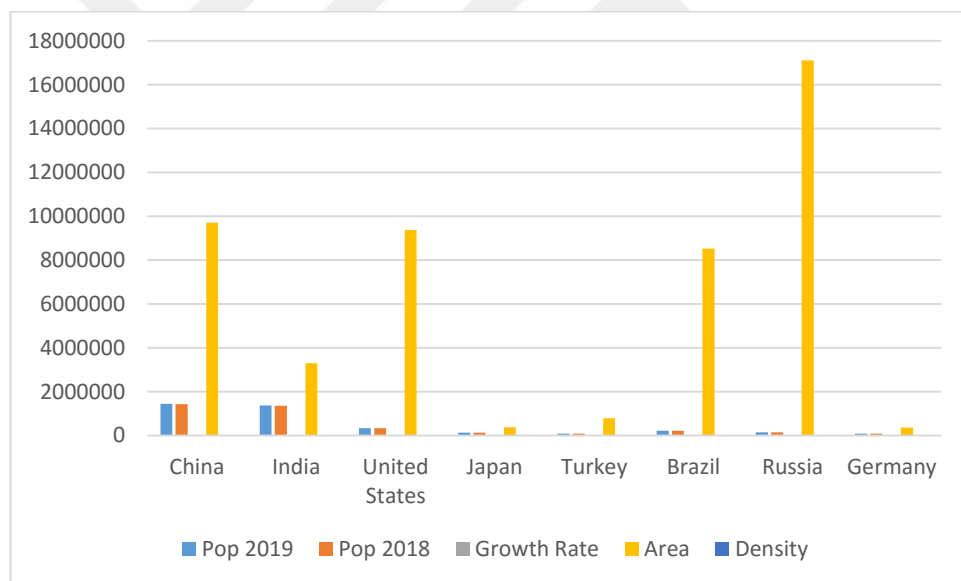


Figure 10.1: Population Density and Growth 2018, 2019

Figure 10.1 illustrates 8 major countries namely China, India, United States, Japan, Turkey, Brazil, Russia and Germany with the figures for population in 2018 and 2019. As it is clear from the graph, Russia has the largest area among the given countries, being followed by China and United States after which Brazil is mentioned. The smallest proportion of land is shared between Germany and Japan,

compared to which Turkey has almost more than a two-fold larger proportion of land.

9.1.1. Population Density in Continents

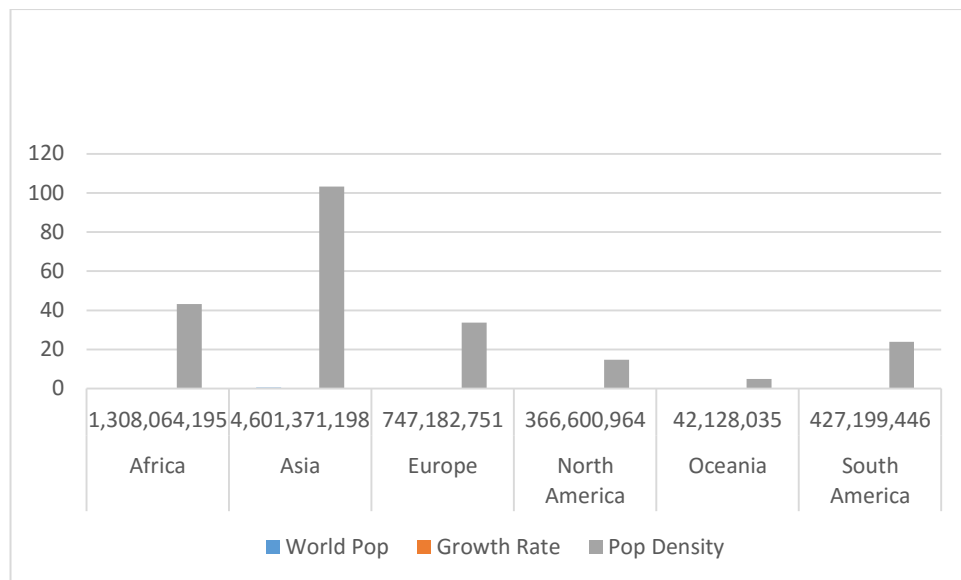


Figure 10.2: World Population Growth and Density in Continents

Analyzing the population continentally, Figure 10.2 reveals that the most densely-populated continent among all is Asia with its population of 4,601,371,198 people being followed by Africa and Europe having almost twice lower population rate compared to Africa. South America is also considered one of the densely-populated continents with its population of 427,199,446 people. Oceania is the least populated area with almost 10 times fewer number of people compared to North America where 366,600,964 people choose to reside. Roughly there is a 110 times difference between the most dense-populated and the least densely populated continent namely Asia and Oceania, which can clearly be seen in Figure 10.3 as well having it compared to the world population figures in general.

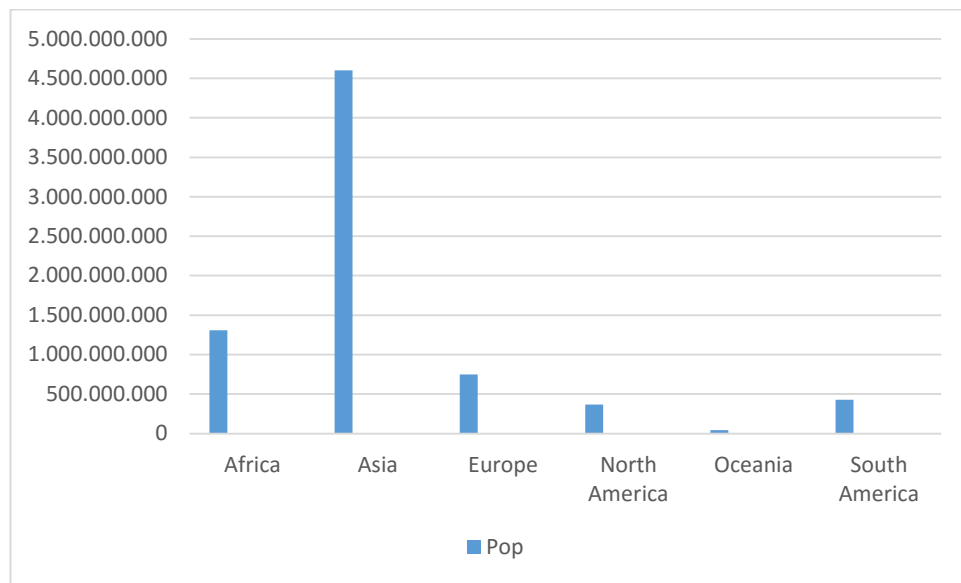


Figure 10.3: World Population

Population

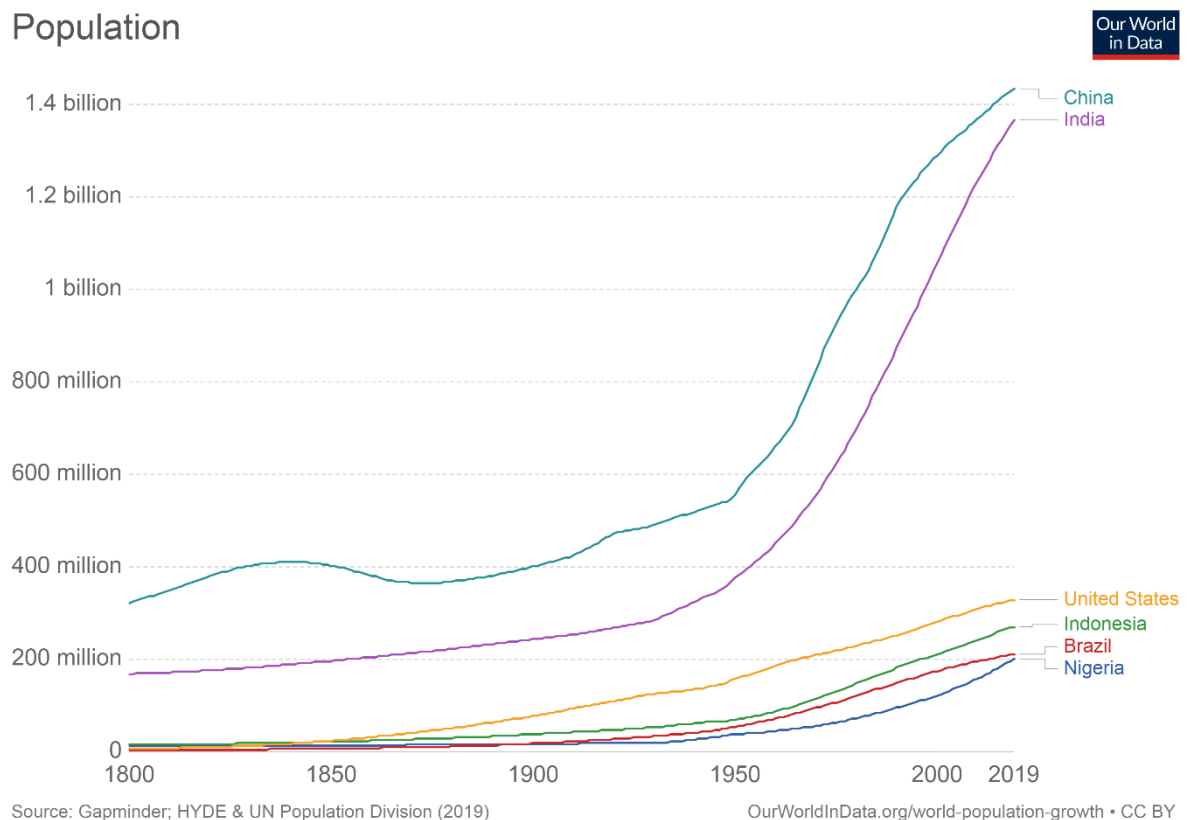


Figure 10.4: World Population Growth, Years 0-2019

As seen from the illustrated line graph starting from the 19th century, world population follows an increasing tendency overall, the boost can be seen after 1950s in almost all the given countries. China being followed by India take the lead former exceeding and the latter reaching almost 1.4 billion.

Population, 2019

Our World
in Data

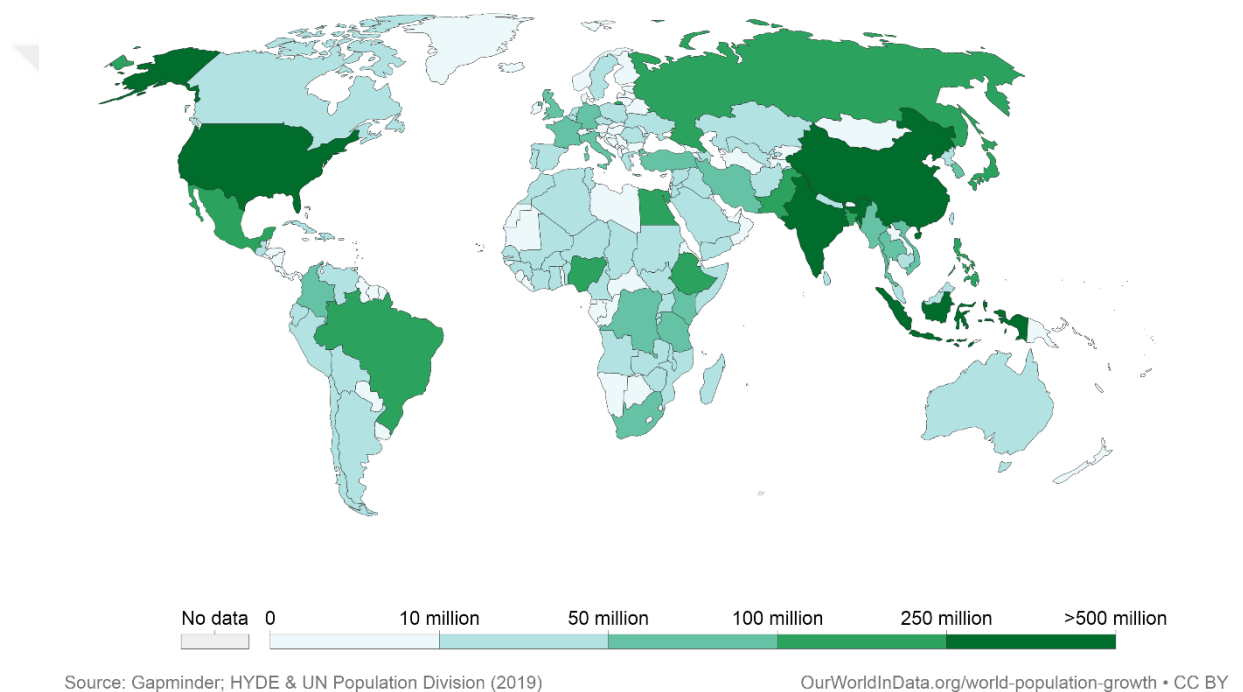
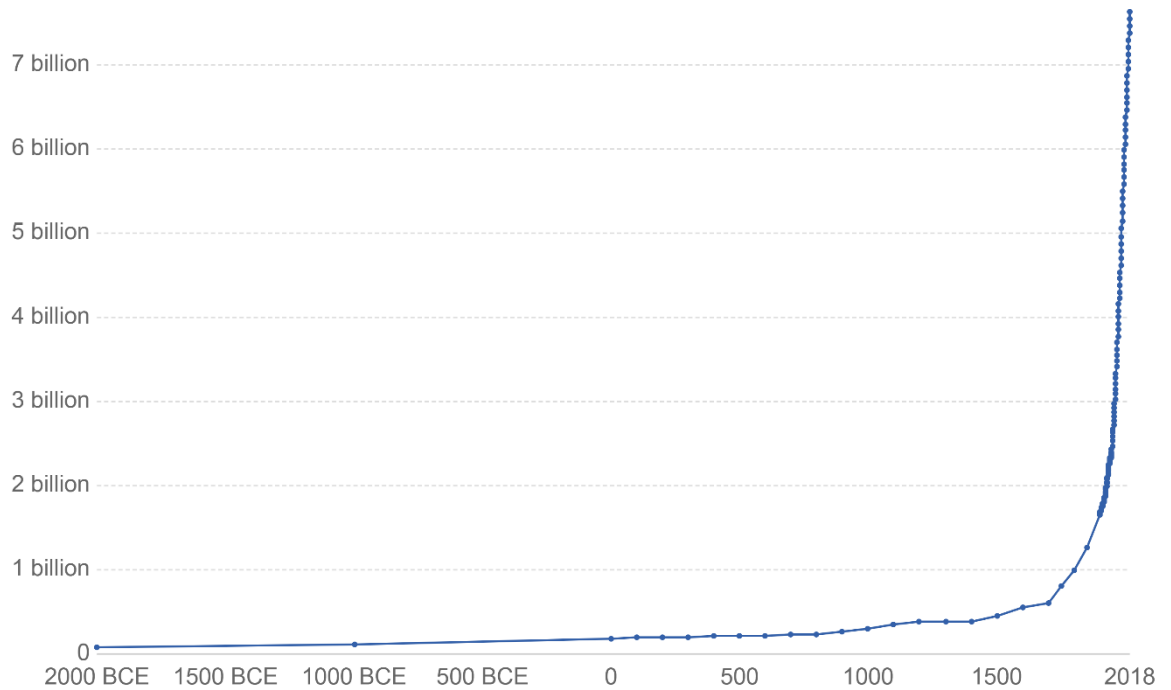


Figure 10.5: World Population Map, 2019

Illustrated map clearly identifies the most densely-populated areas of the planet. China and India being the leading countries are followed by the USA and Indonesia with around 300 million population leaving the next seat to Brazil with 200 million population.

World Population over the last 12,000 years and UN projection until 2100



Source: World Population over 12000 years - various sources (2019), Medium Projection – UN Population Division (2019 revision)
OurWorldInData.org/world-population-growth/ • CC BY

Figure 10.6: World Population UN Projection until 2100

Analyzing the data for world population before Christianity and in our era, till the year 1 the world population experiences a long period of stability in the number of people, however, the gradually steady increase from the 1st year till the 16th century experiences a sudden rise after this period.

World Population over the last 12,000 years and UN projection until 2100

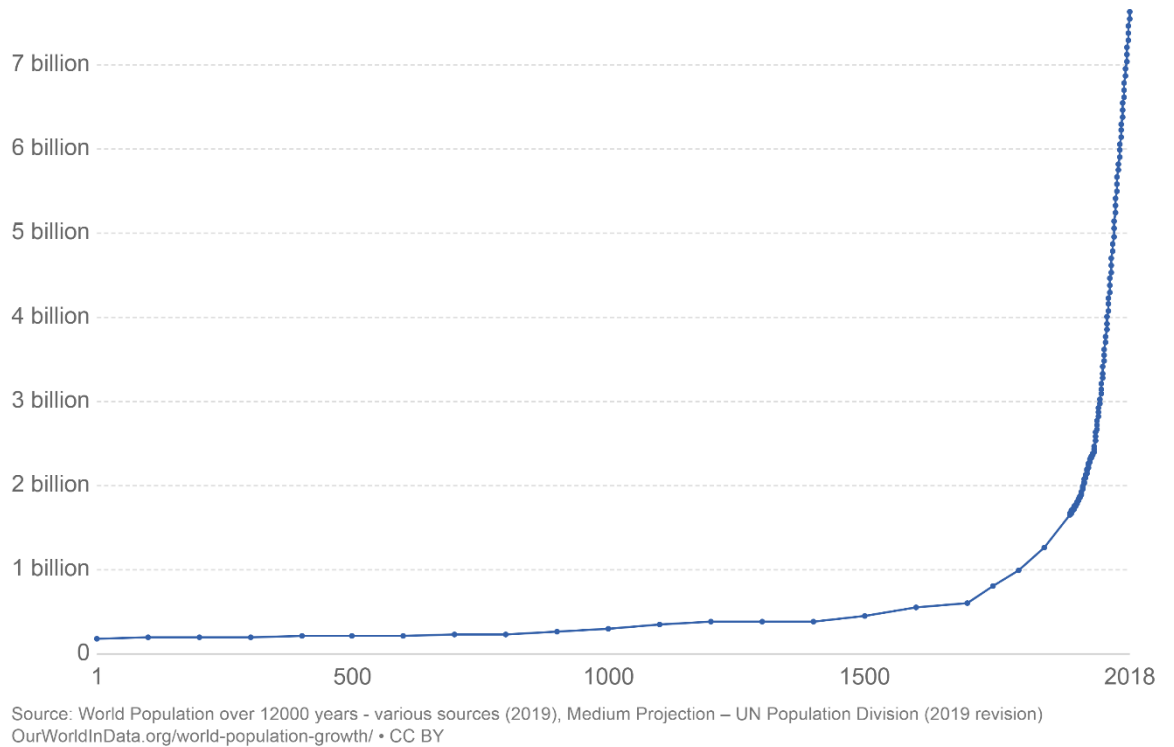
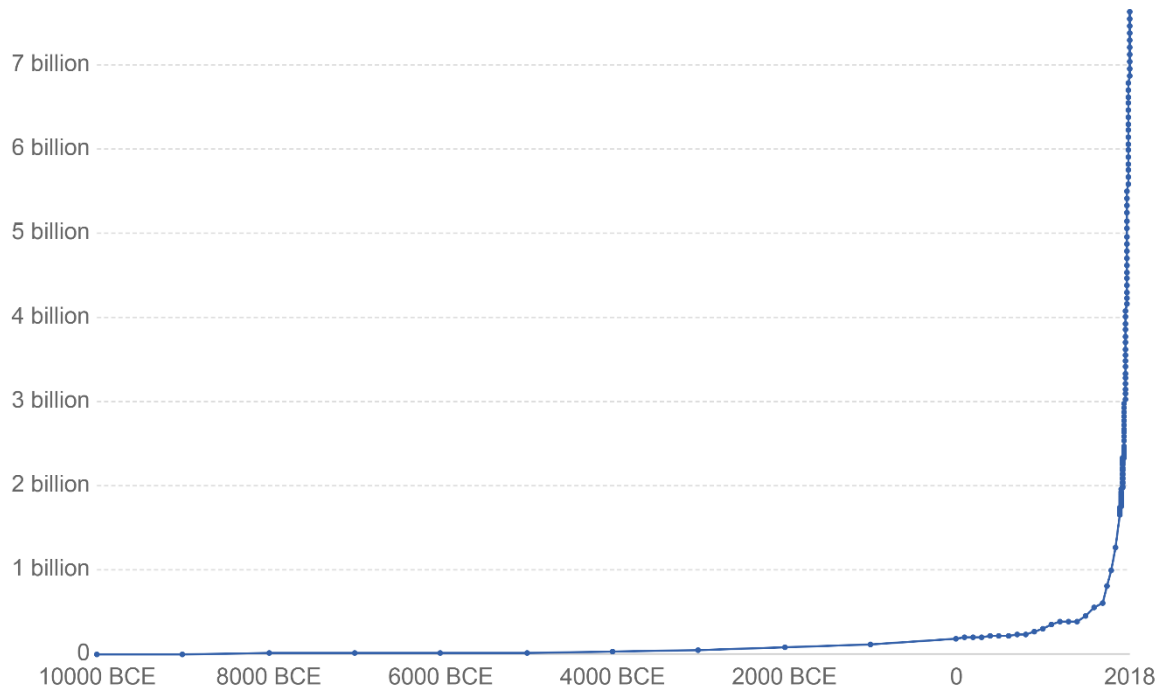


Figure 10.7: World Population during 0 – 2100

Figure 10.7 illustrates that the world population being less than a billion till the 16th century, exceeds 7 billion with a rise of 6 billion during last 5 hundred years.

World Population over the last 12,000 years and UN projection until 2100

Our World
in Data



Source: World Population over 12000 years - various sources (2019), Medium Projection – UN Population Division (2019 revision)
OurWorldInData.org/world-population-growth/ • CC BY

Figure 10.8: World Population from 10.000 BCE

Figure 10.8 clearly demonstrates the period of stability, a steady rise and sudden increase in the number of people globally during around 12,000 years.

9.1.2. Infant Mortality

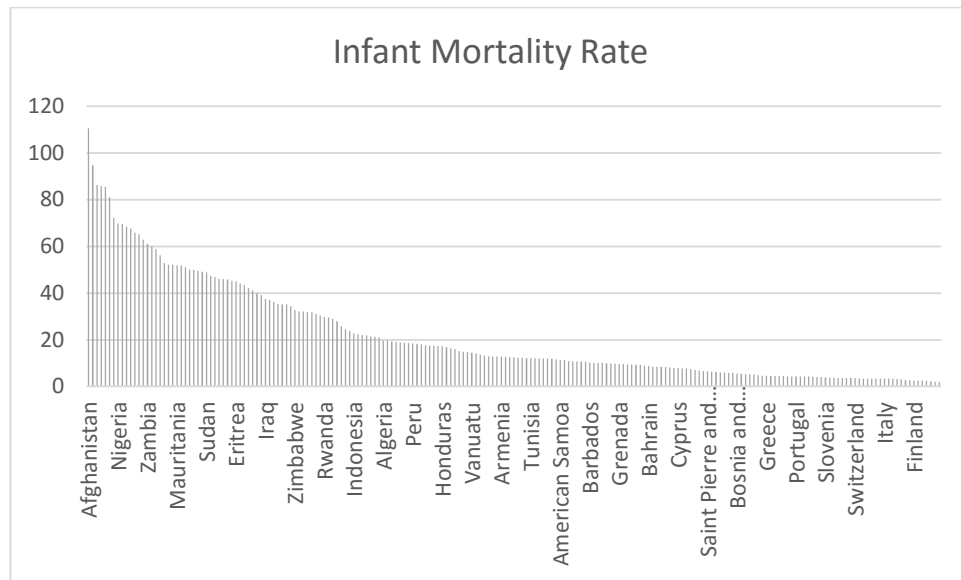


Figure 10.9: Infant Mortality Rate

The given chart presents the rate of child death for the world countries. As it is seen from the graph, the countries suffering from high infant mortality rate are underdeveloped or developing countries.

9.1.3. Homicide Rate

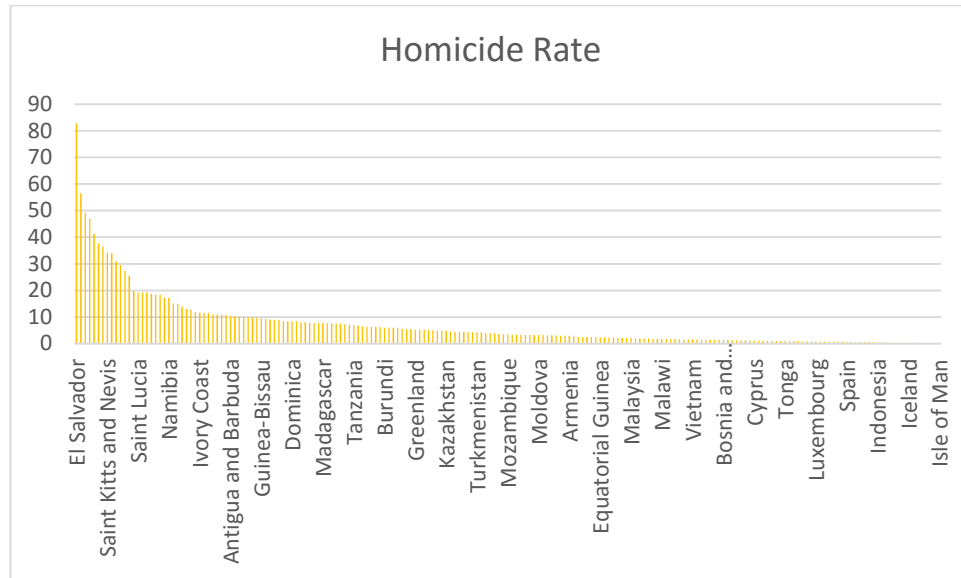


Figure 10.10: Homicide Rate

According to Figure 10.10, the same can be said for homicide rate as well. Although the names of the countries and the figures for murder change, the category that these countries belong to remains the same, which is underdeveloped or developing countries group.

9.1.4. Fertility Rate

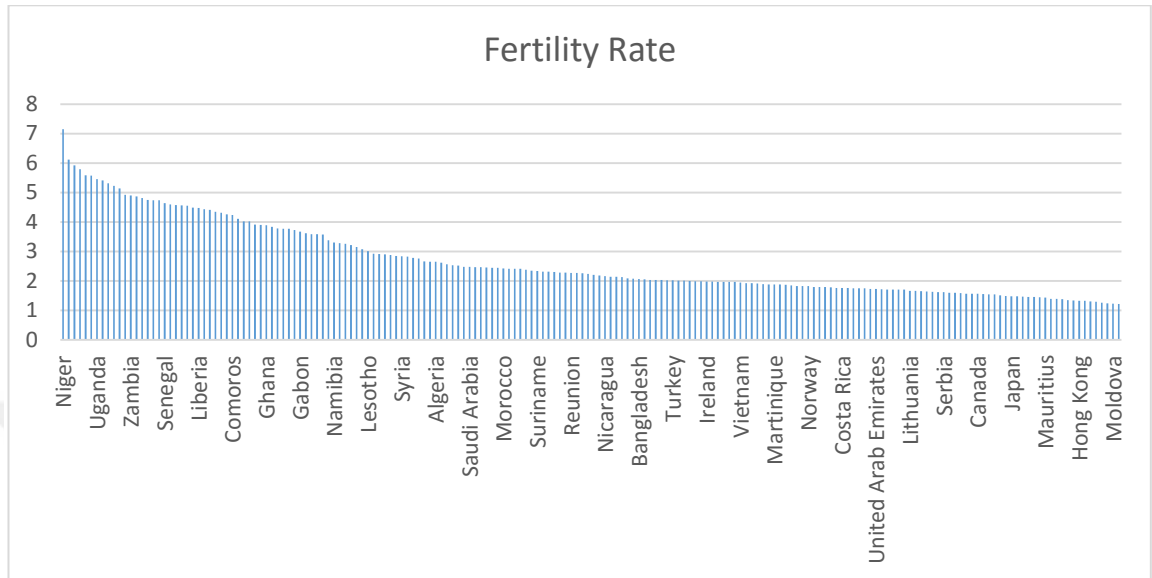


Figure 10.11: Fertility Rate

Interestingly, as it is clear from the Figure 10.11, this is again the countries belonging to the same category of underdeveloped or developing countries that have the highest fertility rate.

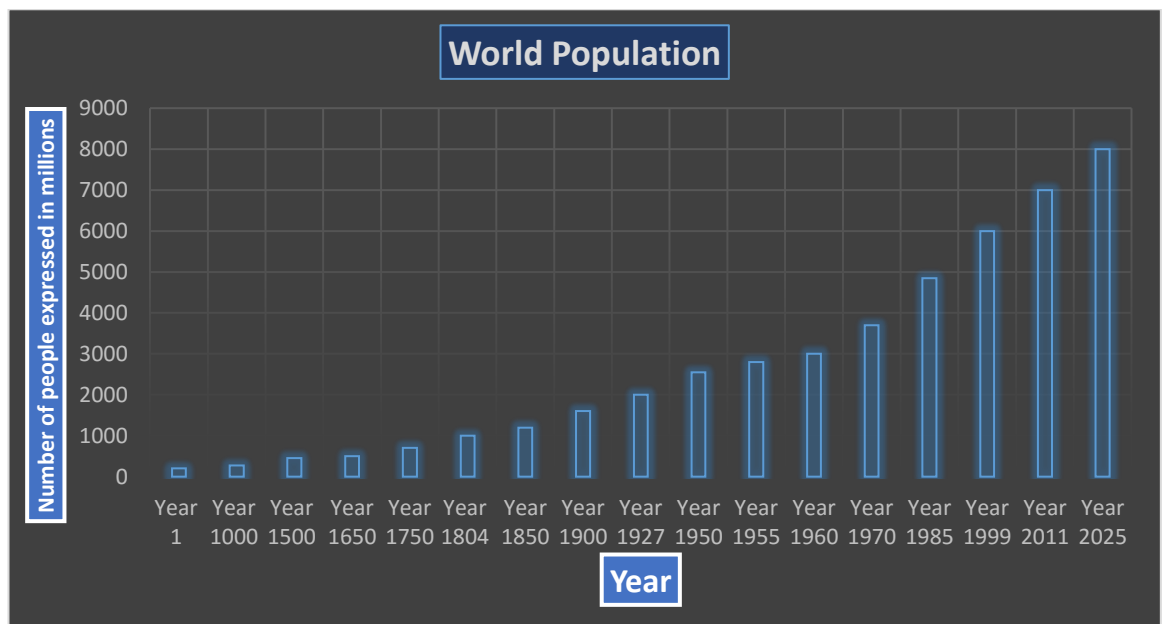


Figure 10.12: World Population Years 1-2025

Figure 10.12 illustrates the increase in millions in the number of the Earth denizens starting from year 1 to the expected year 2025. According to the figure, in 2025 the number of people settled on the planet Earth is anticipated to reach above 8 billion.

9.1.5. The Reasons for a Higher Number of Children in Low-income Families

Why do poor people have more children?

There are various reasons for the poor to intend to have more children and actually realize it compared to the rich. First of all, they have the belief that in order to get out of poverty the higher number of children means higher chances for them. In their view, at least one or two of the children can be successful to take the whole of family out of poverty.

The other reason for tending to have more children is limited finances, since children in the poor families become the labor force, however, quite often illegally.

Lack of education is known to have the effect on the number of children in the poor families as well. For the girls who are educated tend to marry late and focus on their children's education and have the required financial investing their education. Thus, to achieve goal - educated children they tend to have fewer children comparably.

From another angle, this is the high child mortality rates that trigger higher number of children in the poor families. Poor life conditions, health care deficiency, starvation, various kinds of illness, and natural disasters, no security lead the parents to the worries that some of their children will die, in order to guarantee that certain number of their children will survive and take care of them when they get older, they intend to have more children.

9.2. Inventions per Century

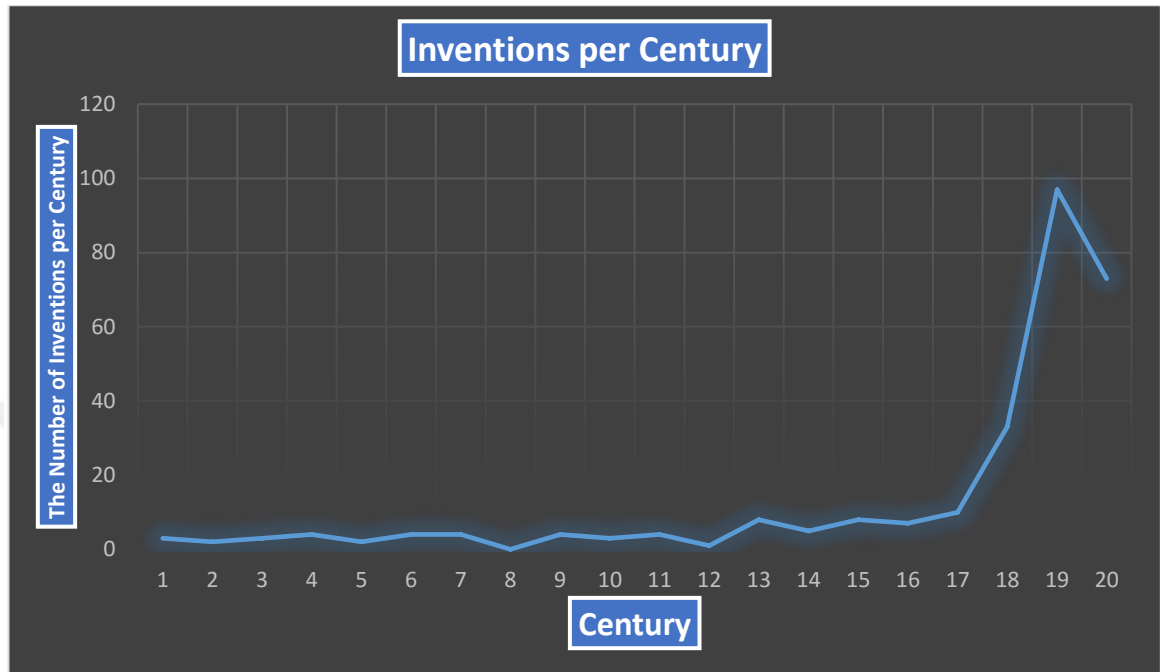


Figure 10.13: Inventions per Century

Although it is highly sophisticated to prove the correlation between the number of inventions through history and the number of people having lived in the same course of history due to a huge variety of factors effecting both changes in the population and the number of inventions, still with a naked eye, an individual can see the link between these two.

It is not proven which has a higher effect on the other, whether positive or negative or any effect at all in general, actually. There is a belief that inventions caused the population increase to slow down which is expected to enter the period of stagnation being followed by the gradual decrease in the number of people.

Analyzing numerically, however, it is seen that in the 17th century the history of inventions experiences a sudden boost which is actually the period of the industrial revolution, for around 2 hundred years after which there is a sudden decline in the number of inventions for around a century comparably. In the analysis

only the number of inventions is taken into consideration, not their effect on the development of the society in various terms.

While considering the figures for the population growth there is, however, no slowing down during this period. Since the numbers never lie, one gets curious about the reason for these figures. Since most of the countries experiencing capitalism pave the way for the increasing gap between the rich and the poor leaving equal income distribution as a big problem to the society, despite having inventions that could enhance everyday standards, a great majority of population cannot benefit from them, as a result, continue living in poor conditions which are getting worse and worse for some geographical areas, while some are experiencing prosperity of higher rates. In the first stage, a higher number of inventions brought the possibility for a higher number of people, since it became easier to feed the population, to establish better health care and so forth, which was then expected to decline. As it was not evenly distributed, while the period of stagnation and decline could be experienced in one part of the world, in the other population continued to grow. The contrast is created between two ideas which are “the higher number of people increases the chances for the higher number of inventions” and “the higher number of inventions increases the chances for the decline in the number of people”, thus, leaving the thinkers in the mystery regarding the future figures for the world population and the required economic way of management.

9.3. Unemployment Rate

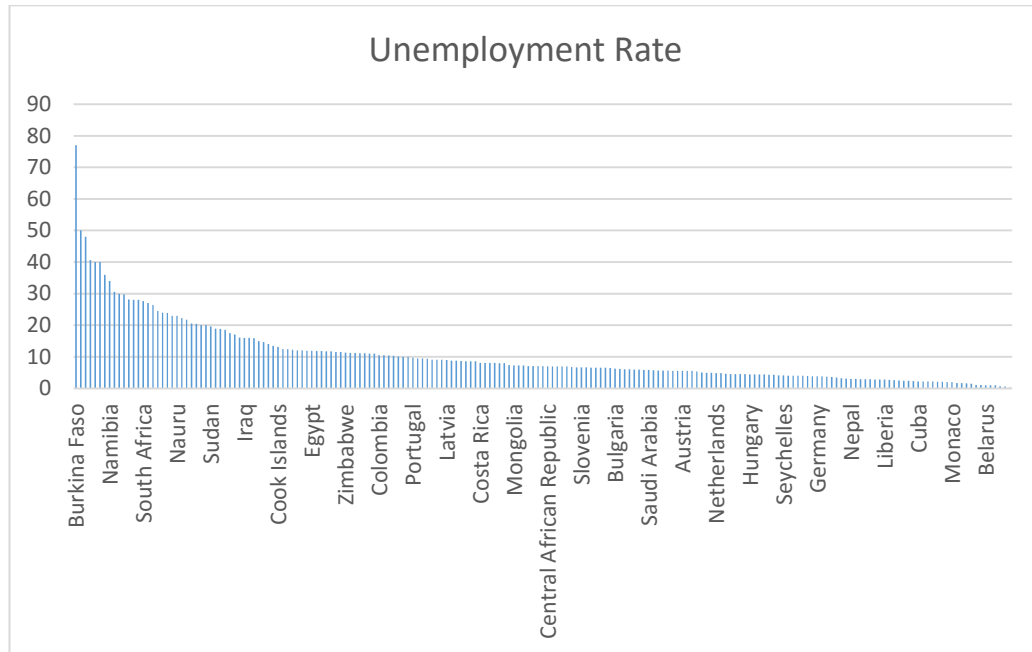


Figure 10.14: Unemployment Rate

When it comes to the rate of unemployment, the given chart illustrates that the second and third world countries suffer from the higher unemployment rates more in comparison to the rest of the world.

9.4. Extreme Poverty Figures

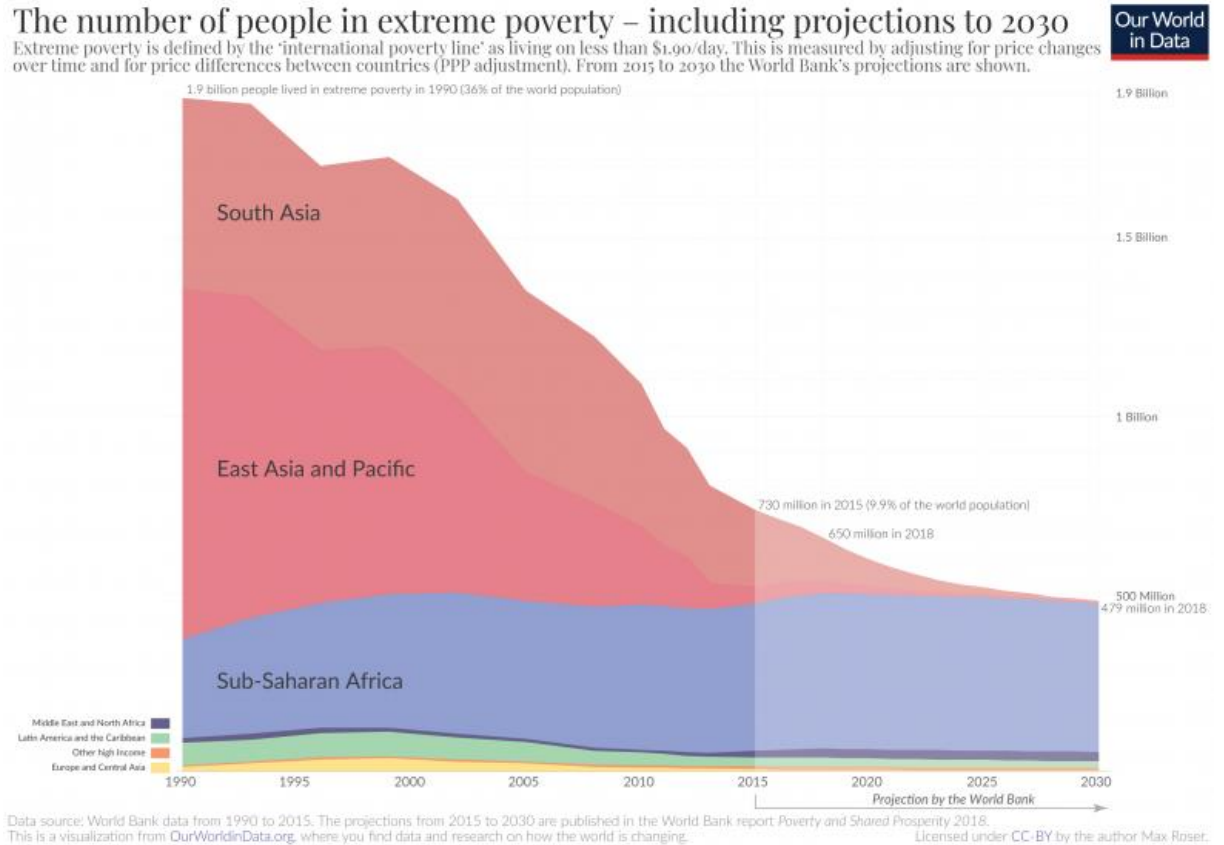


Figure 10.15: Poverty Projections to 2030

As described by the illustration according to the projection made by the World Bank, the rate of extreme poverty is expected to stagnate at almost 500 million by 2030. Considering the fact that in more than half of the countries in the world the rate of population suffering from the extreme poverty is less than 3%, the fear for the continuous extreme poverty disappears. The same countries suffering from the extreme poverty a few generations ago turn out to be the richest ones, which means depending on the cycle economic growth can be experienced in different parts of the globe. Statistically, the number of people in extreme poverty has dropped from almost 1.9 billion in 1990 to nearly 650 million in 2018, which is still believed to decrease down to 500 million in almost 2 decades.

9.5. Professions with the Highest/Lowest Suicide Rates

The Professions with the Highest (and Lowest) Suicide Rates 2015 rate of suicide per 100,000 according to CDC

Rank	Professions	Suicide Rate	
1	Construction and Extraction	52.1	
2	Installation, Maintenance, and Repair	37.8	
3	Arts, Design, Entertainment, Sports & Media	27.3	
4	Transportation and Material Moving	26.8	
5	Production	24.3	
6	Protective Service	24.2	
7	Farming, Fishing, and Forestry	18.7	
8	Building & Grounds Cleaning & Maintenance	18.2	
9	Architecture and Engineering	17.6	
10	Food Preparation and Serving Related	14.8	
11	Sales and Related	14.2	
12	Computer and Mathematical	14.0	
13	Legal	13.8	
14	Life, Physical, and Social Science	12.8	
15	Health Care Practitioners and Technical	12.5	
16	Management	12.5	
17	Health Care Support	11.9	
18	Personal Care and Service	10.1	
19	Community and Social Service	9.0	
20	Office and Administrative Support	8.6	
21	Business and Financial Operations	8.5	
22	Education, Training, and Library	5.3	

Data Source: CDC Report from 2018 showing 2015 results in 22 states



Figure 10.16: Professions with the Highest/Lowest Suicide Rates

As it is demonstrated by the chart, people employed in the field of construction and extraction have the highest rate of suicide inclination. While the repair, installation, art, design, sports, media categories with transportation and production are among the fields with comparably higher rates of suicide commitment, the people working in the field of education and training have the least tendency with 5.3% to commit suicide according to the research conducted in 2015 in 22 states.

The Professions Where Suicide Rates are Increasing (and Decreasing)

2012 vers 2015 rate of suicide per 100,000 according to CDC

Rank	Profession	% Change
1	Food Preparation and Serving Related	49.9%
2	Arts, Design, Entertainment, Sports, and Media	39.6%
3	Installation, Maintenance, and Repair	23.5%
4	Construction and Extraction	21.3%
5	Office and Administrative Support	20.4%
6	Health Care Support	19.7%
7	Transportation and Material Moving	9.2%
8	Production	7.8%
9	Life, Physical, and Social Science	5.8%
10	Personal Care and Service	5.3%
11	Sales and Related	3.3%
12	Protective Service	2.5%
13	Management	2.4%
14	Education, Training, and Library	0.2%
15	Building and Grounds Cleaning and Maintenance	-0.9%
16	Health Care Practitioners and Technical	-2.1%
17	Community and Social Service	-3.2%
18	Computer and Mathematical	-3.3%
19	Architecture and Engineering	-8.2%
20	Business and Financial Operations	-8.6%
21	Legal	-12.7%
22	Farming, Fishing, and Forestry	-21.2%

Data Source: CDC Report from 2018 showing 2015 results in 22 states



Figure 10.17: Professions with Increasing/Decreasing Suicide Rates

Figure 10.17 illustrates the professions with the increasing / decreasing rate of tendency to committing suicide. As it is seen from the chart, food preparation and serving related professions are in the leading position in the list to commit suicide with almost 50%, being followed by art, design, sports, media and installation, repair with 39.6% and 23.5% respectively.

For All Professionals Men Have a Higher Suicide Rate

2015 rate of suicide per 100,000 according to CDC by gender

Industry	Female Rate	Male Rate
Arts, Design, Entertainment, Sports, and Media	15.6	39.7
Protective Service	12.2	28.2
Health Care Support	11.0	19.5
Food Preparation and Serving Related	9.4	20.9
Legal	9.2	18.7
Health Care Practitioners and Technical	9.0	25.6
Production	9.0	30.5
Personal Care and Service	7.7	16.5
Sales and Related	7.7	21.5
Computer and Mathematical	7.3	16.1
Transportation and Material Moving	6.9	30.9
Community and Social Service	6.0	14.6
Office and Administrative Support	6.0	15.8
Business and Financial Operations	5.4	13.0
Building and Grounds Cleaning and Maintenance	5.2	26.8
Management	4.9	17.8
Education, Training, and Library	3.4	10.9
Architecture and Engineering	NR	19.4
Life, Physical, and Social Science	NR	15.0
Farming, Fishing, and Forestry	NR	22.8
Construction and Extraction	NR	53.2
Installation, Maintenance, and Repair	NR	39.1

Note: Four professions excluded by CDC for low sample size among women.



Figure 10.18: Suicide Rates of Occupations per Gender

Analyzing suicide inclination in all professions on the basis of gender issue, Figure 10.18 reveals that in all professions male members of the community have higher rate of tendency to commit suicide compared to the opposite gender. Considering the field of entertainment, art, design, media and sports which has the highest percentage for suicide commitment 39.7% of men in this field commit suicide, while the figure for women is just 15.6%, roughly less than a half.

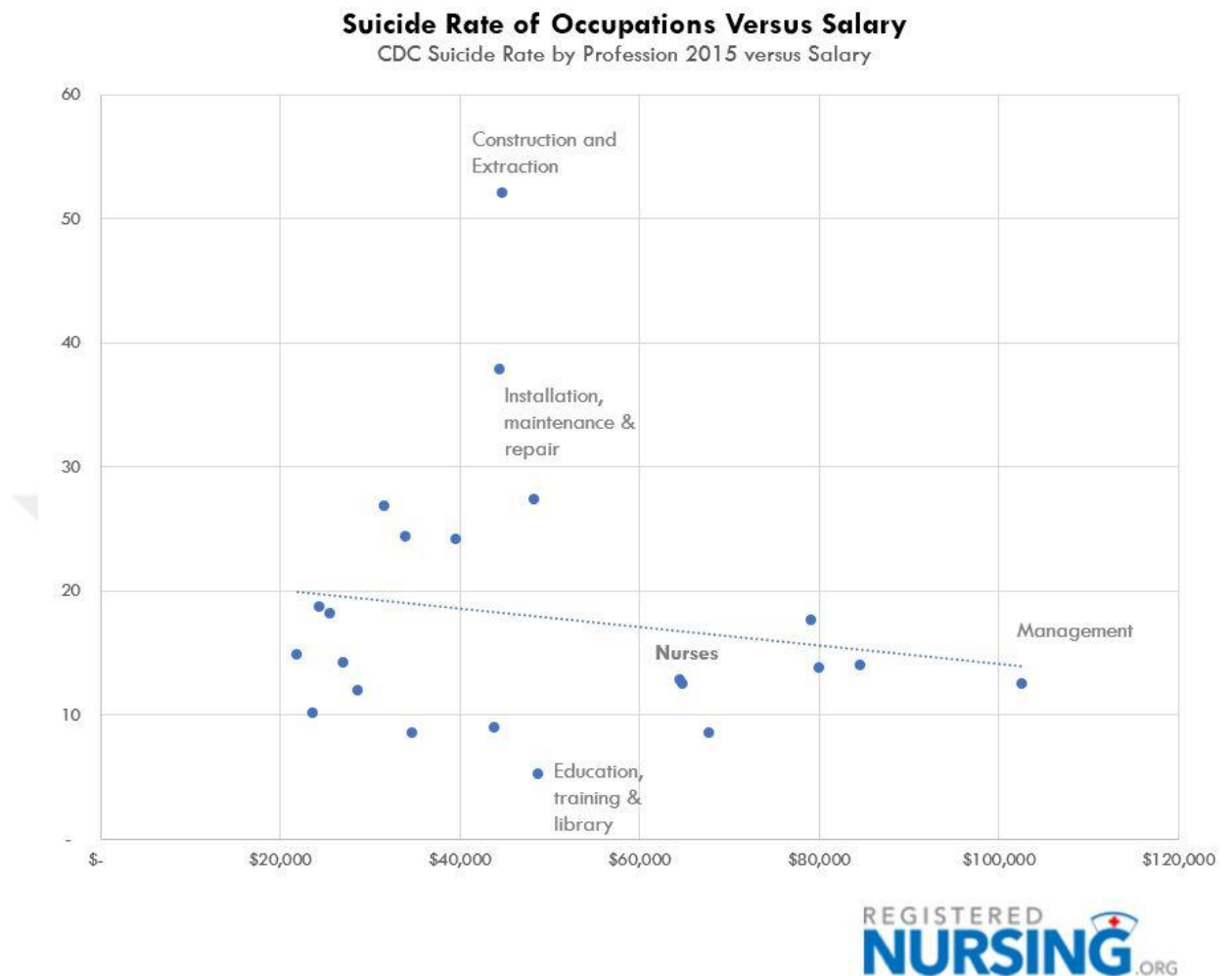


Figure 10.19: Suicide Rates of Occupations versus Salary

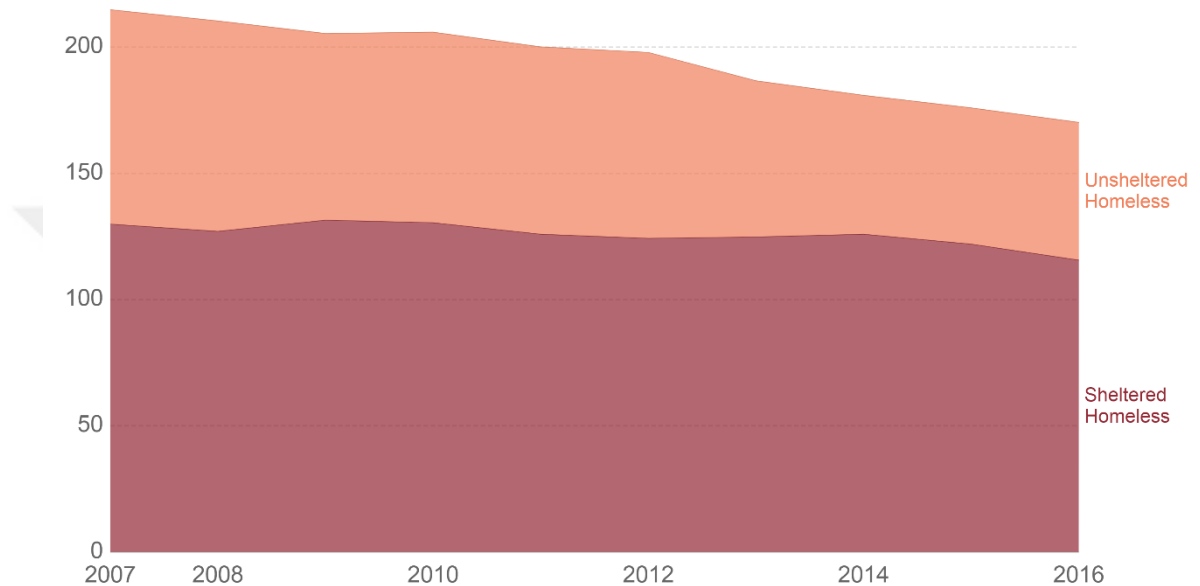
The given graph illustrates the suicide rate of occupations in relation to the salary for that occupation. The chart reveals that despite the fact that people in the field of education and training get almost the same amount with the people in the field of construction and extraction, have comparably lower tendency to commit suicide, which clarifies the insignificant effect of financial satisfaction in daily life after reaching a certain point which can be explained by the law of diminishing marginal utility.

9.6. Figures for Homelessness

Number of homeless people (per 100,000 population) by shelter status, United States

Our World
in Data

Estimated number of homeless people, by shelter status, per 100,000 people in the total population. Sheltered homeless are those staying in emergency shelters or transitional housing programs. Unsheltered homeless are those 'sleeping rough' (e.g. sleeping in parks). Figures correspond to 'point-in-time' estimates obtained by counting homeless people in late January of each year. Total population figures correspond to July.



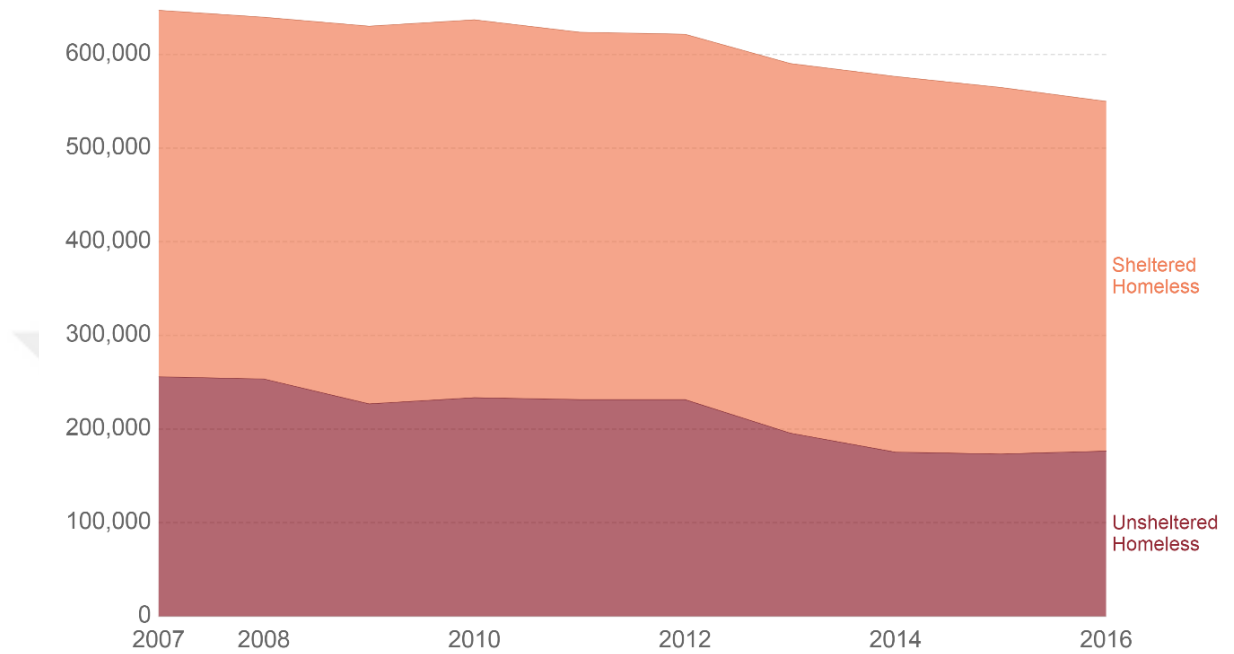
Source: People experiencing homelessness in the USA as % of total population - HUD (2016) and U.S. Census Bureau (2010)
OurWorldInData.org/homelessness • CC BY

Figure 10.20: Homelessness, per 100.000 USA

Analyzing the figures for homelessness in the United States, the provided graph demonstrates the statistical reality for sheltered and unsheltered homeless people for almost a decade between the years 2007 and 2016. Thanks to social programmes provided by the government, sheltered homelessness is almost 3 times more than unsheltered homelessness.

Number of homeless people, by shelter status, United States

Estimated number of homeless people in the US, by shelter status. Sheltered homeless are those staying in emergency shelters or transitional housing programs. Unsheltered homeless are those 'sleeping rough' (e.g. sleeping in parks). Figures correspond to 'point-in-time' estimates obtained by counting homeless people in late January of each year.



Source: People experiencing homelessness in the USA (PIT), by shelter status - HUD (2016)

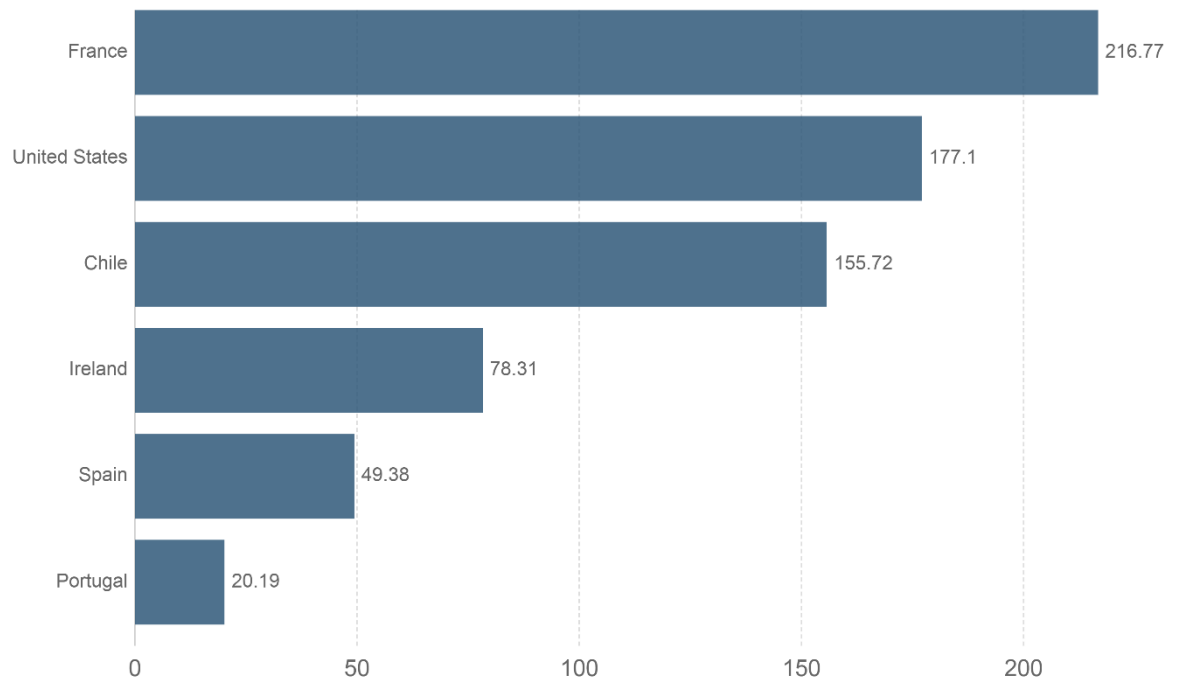
OurWorldInData.org/homelessness • CC BY

Figure 10.21: Homelessness, 2007-2016 USA

Figuratively, around 0.06% of entire population is homeless, by other words, 1 in 1,670 Americans. A decrease in the rate of unsheltered homelessness has been experienced during this decade with almost 100.000 people.

Number of homeless people (per 100,000 population), circa 2013

Estimated number of homeless individuals, per 100,000 people in the total population. All of the included countries employ a similar definition of homelessness. See source for details regarding estimate dates and definitions.



Source: Homelessness and Precarious Housing - OECD (2016)

CC BY

Figure 10.22: Homelessness Figures Compared

Analyzing the figures for homelessness in 6 different countries namely France, United States, Chile, Ireland, Spain and Portugal, one can easily see that France and the US are two major countries in the list suffering from higher rates of homelessness, while Spain and Portugal being the Southern European countries are the ones suffering least.

Number of unsheltered homeless people in England

Estimated number of unsheltered homeless people in England. Figures correspond to 'point-in-time' estimates obtained by counting 'rough sleepers' in autumn.

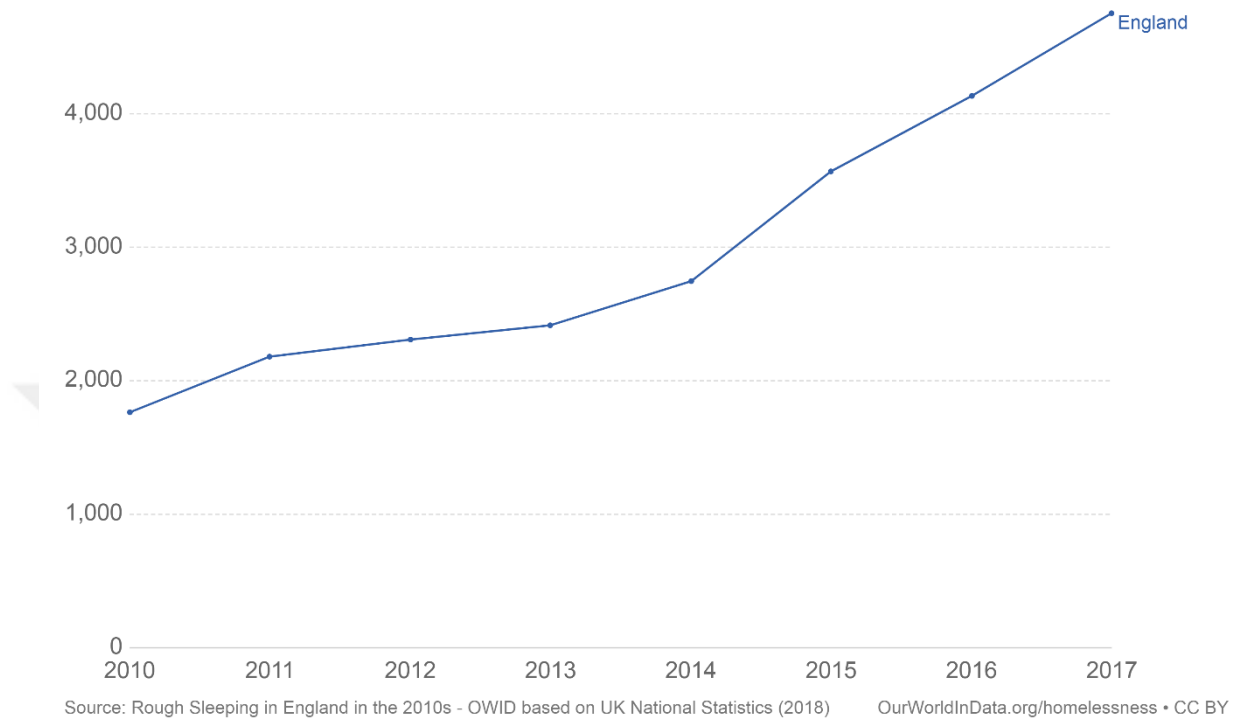


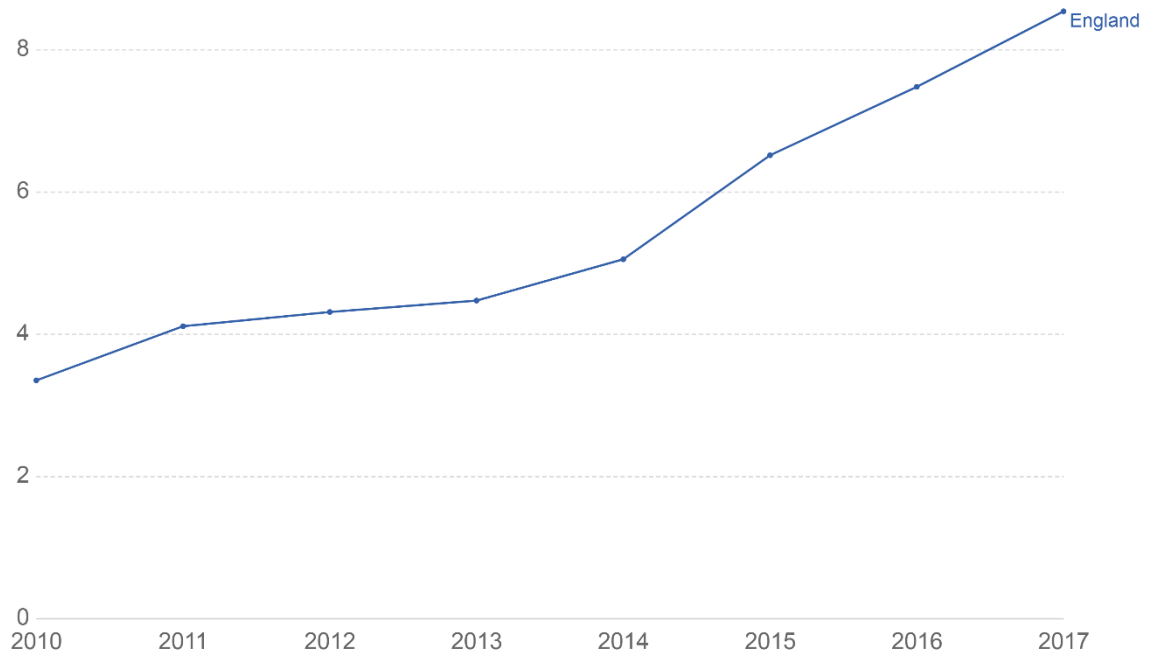
Figure 10.23: Unsheltered Homeless People in England

Demonstrated by the chart, it is clear that England for around more than a half-decade suffers almost a double-increase in the figure for homelessness.

Number of unsheltered homeless people in England (per 100,000 population)



Estimated number of homeless people, per 100,000 people in the total population in England. Figures correspond to 'point-in-time' estimates obtained by counting 'rough sleepers' in autumn. Total population figures correspond to June.



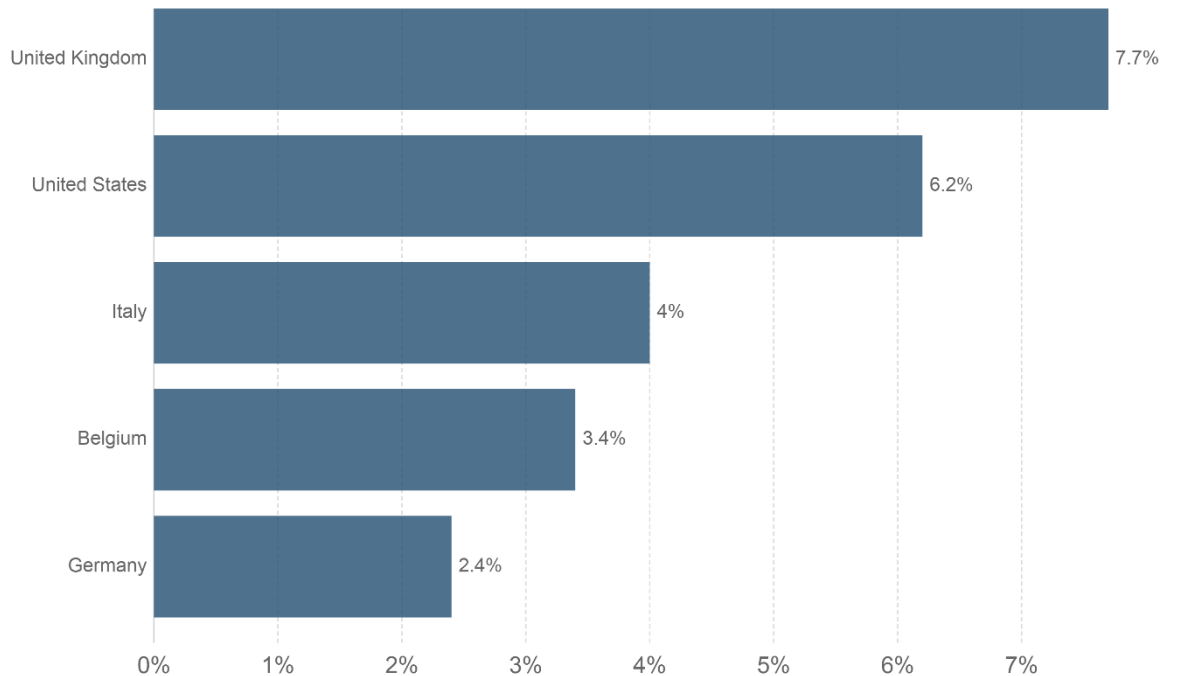
Source: Rough Sleeping in England in the 2010s - OWID based on UK National Statistics (2018) OurWorldInData.org/homelessness • CC BY

Figure 10.24: Homelessness Figures for England, 2010-2017

A steady rise in the figures for homelessness is followed by a sudden increase in 2014, as it is provided by the chart.

Share of population who have ever been homeless, 2003

Estimates correspond to the share of respondents in a telephone survey, who report having had an 'episode of literal homelessness' (sleeping at least one night on the street or in a homeless shelter) in their lifetime.



Source: Homelessness prevalence - Toro et al. (2007)

OurWorldInData.org/homelessness • CC BY

Figure 10.25: Ever Homeless People 5 Countries Compared

According to Figure 10.25, in 5 different countries namely UK, US, Italy, Belgium and Germany the figures for the people experiencing homelessness at least once in their life prove the UK to be the leading country in the list suffering from homelessness with 7.7% being followed by the US with 6.2% leaving Germany with 2.4% as a country suffering from homelessness least among these mentioned countries.

9.7. UK Population Figures as a Sample

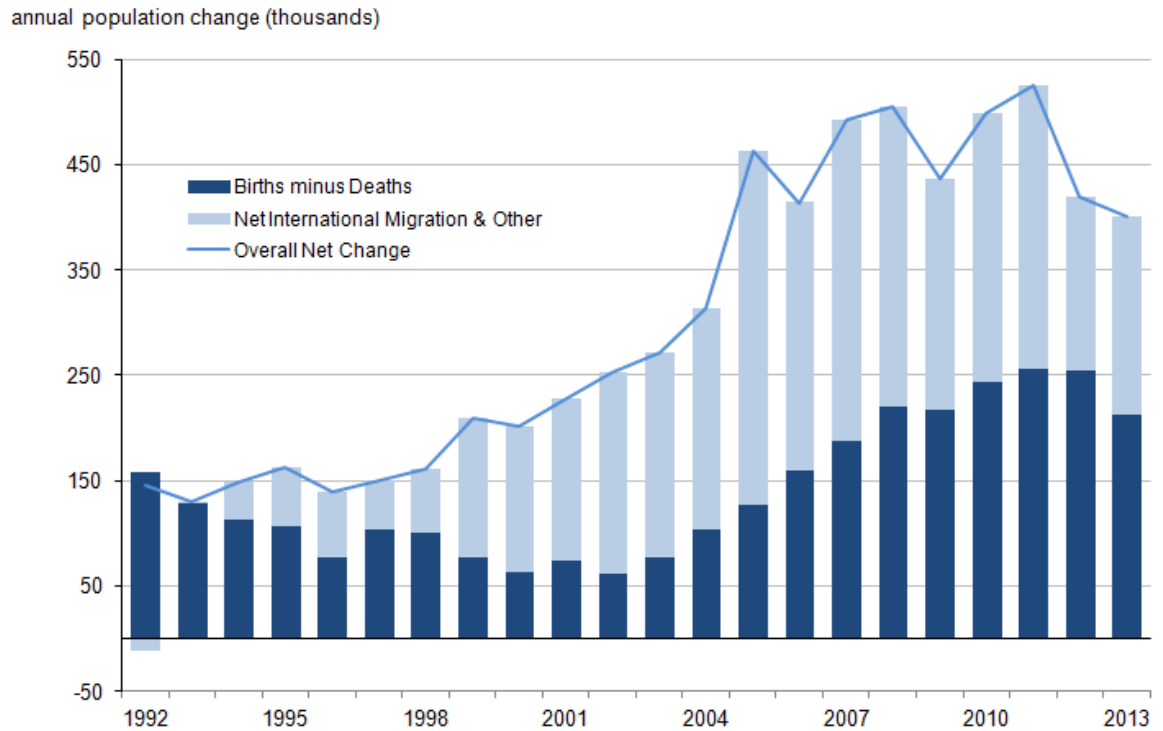


Figure 10.26: UK Population Annual Changes

The given chart illustrates the changes in population figures on the yearly basis. During a decade between 1992 and 2013 the changes in the population figures in the UK cover the total net difference, net international migrating + births - deaths. According to these numbers, during the second half of the decade the figures illustrate an increase in general tendency despite some fluctuations in the yearly analysis.

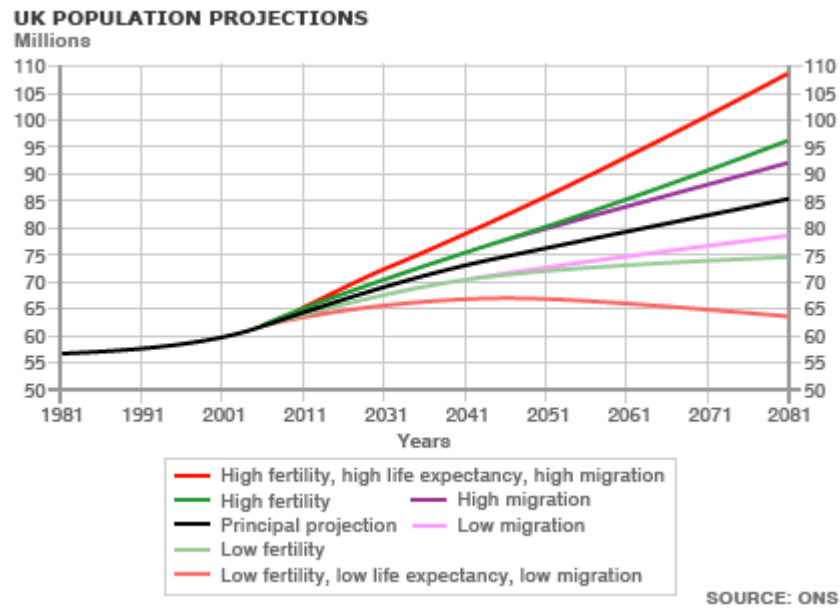


Figure 10.27: UK Population Projections by 2080

Figure 10.27 illustrates the projections for the UK population for 7 decades between 2011 and 2081. The projections include the figures for high fertility, high migration, low migration, low fertility, principal projection, high besides low life expectancy and figures change between 65 and 110 for the mentioned indicators, principal projection being 85. The figures are expressed in millions.

9.8. Life Quality Index

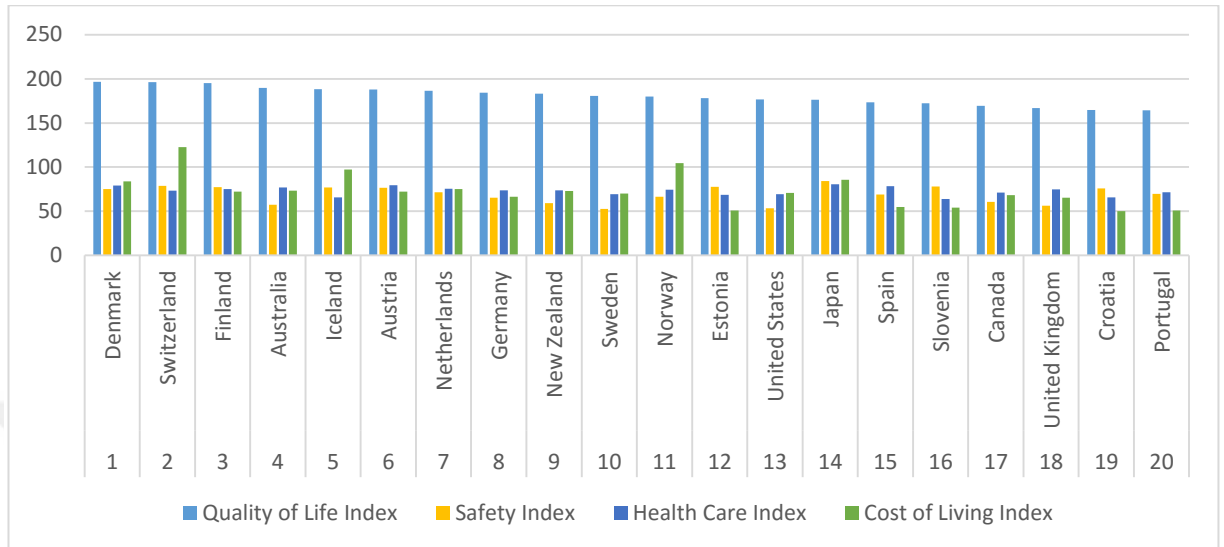


Figure 10.28: Quality of Life Index

Figure 10.28 illustrates figures for life quality, safety index, health care and cost of living index in 20 different countries such as Japan, Finland, Germany in 2019.

For the remaining countries the below given table provides the figures.

CONCLUSION

This thesis analyses the economic systems pointing out their benefits to human history and the downsides in the realization of the efficiency of limited resource allocation. This study aims at finding the most effective and efficient system to organize economic and social activities within the framework of the political structure. For this purpose existing economic systems and the ones experienced throughout the course of human history have been analyzed with their pros and cons evaluated. In this regard, market, planned, mixed and traditional economic models have been considered and the economic systems namely capitalism with its forms and kinds, socialism, communism, fascism, and Islamic Economics have been re-evaluated in general terms.

During this analysis not only the theoretical approach has been given some thought, but also practical nuances and current data have been viewed. Besides, the economic systems have been pondered from the angle of historic intercourse. On the base of these findings, the study enables the consideration of the most effective economic system to be implemented in the coming generation to be revealed. This economic system is named as Humanism since it gives the highest moral significance to human beings and considers the intelligence to be of the vital importance for the survival of human race in the upcoming milestones.

The system suggested foresees the period of high-tech appliances and considers it to be an unavoidable stage of development relying on the fact that the course of history has revealed itself through inventions and innovations to be of the revolutionary effect through certain turning points in human history. Considering modern day reality and re-assessing the historical development, the changes in generations and their behavior are certain to lead to the changes in the way of management and social structure as well.

Since economics is involved in every single point of human life with the mission of problem-solving in terms of the inefficient use of scarce resources, inevitable changes in social structure, coming generations, social attitude and behavior are of direct effect to the economic decision-making process concerning the

society due to the fact that a community is formed of the individuals being attached to certain social and moral norms. Changes in the norms is certain to bring the changes in outcomes as well. For these reasons, economic decision-making in this regards is both directly and indirectly involved.

Denying the facts is not the way to overcome the impediments, however, accepting the change alleviates the control over the change and enables the gain of the expected outcome. The purpose of the suggested economic system called Humanism is to embrace the change and enable the society to benefit from the change to the fullest possible point by organizing, managing and directing the social and economic activities held in the society consciously.

As a result, this economic system involves public plus private sector the realization economic activities and decision-making process, but gives dominating power to neither of the parties, which is of high significance in terms of development and impeding and eliminating power abuse.

As mentioned in Chapter 11, Big Data are collected by the private sector for various purposes, which can be of hugely damaging effect for the whole society in regard to privacy control and security concerns. Data are one of the points of concern and even the most significant factor in decision-making. Thus, data gathering turns out to be of the vital importance in the contemporary society. Consequently, it should be left to the social institution trusted by the whole of the society. This is the idea of the suggested economic system not to leave the concepts of critical significance to either public or private sector operators but to the 3rd party to be trusted with no subjective interests.

Since education as a system is considered to be another vital point, humanism as an economic system centralizes its main focus on education and cooperation between education and production. This system allows and supports both smart technology application in the industry and intellectual human labor implementation in the field.

Education is expected to serve a purpose. In the changing society as all the other things, the role and the purpose of the education as a system is forecasted to

change. Hence, with its changing role and purpose education gains the highest significance ever in the system suggested to be implemented. The form and the aim of education transfers from the memorization of the previously mentioned facts of the past to more applicable use of present-day knowledge. This is an undeniable fact that the process started during the last stage of capitalism, however, in the humanism as an economic system it becomes an unavoidable turning point. The era of high-tech and robotics can be the point of experience in capitalism as well, but should not remain under capitalistic control and entrepreneurial mindset. In order to avoid chaotic consequences of the current system, the change should be well-organized and controlled, which paves a way to the next and inevitable economic system called humanism.

Considering the fact that different countries are in different stages of economic development humanism offers two different forms of transition depending on economic progress level. These two models are differed for advanced and intermediate economies accordingly. Differentiation points include education, production, and most importantly the level of involvement of the technology, besides some other factors.

All in all, this study suggests that humanism is the expected economic system to provide moral values during the restructuring of society, to ignite the required level of human intelligence to reach the maturity of knowledge and application to establish the circumstances under which not only basic needs of all individuals are expected to be covered but believed to be above the average compared to the previous economic systems in application.

This thesis suggests a new model plus explains reasons for emergence this economic system by providing the required data, basing the ideas on facts, analyzing the previous economic systems both in theoretical and practical means, and casting the light to the inevitable nature of the tendency due to historical background and the process of evolution in an economic sense.

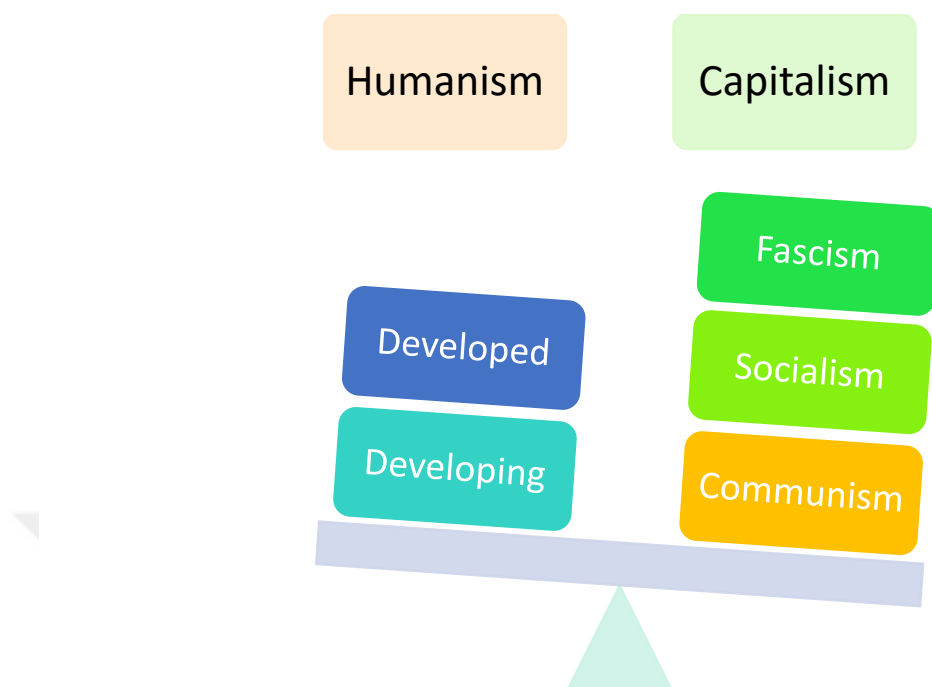


Figure 11.1: Economic Systems: Economic Systems

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