

# Planning



*Types of Planning- Capitalist and Socialist Planning*



# Capitalist and Socialist Planning

- ❖ Capitalistic economy is also known as *'free-enterprise economy'*
- ❖ Under capitalism, there was no authority governing the planning activity
- ❖ All the economic activities were controlled by the private sector



# Capitalist Planning

- ❖ The state function was limited to tax collection and defence
- ❖ There was no public welfare measures, no developmental planning and no labour rights



# Capitalist Planning

- ❖ But with the capacity of time esp. after the great depression of 1930s and development of economic, social and political economic thoughts, the capitalist economies adopt the modern functions like:
  - Formulating and implementing monetary, fiscal and trade policies
  - Promulgating anti-monopoly and anti-cartel laws,



# Capitalist Planning

- ❖ Working for the sake of community's benefits
- ❖ Formulating and implementing development plan
- ❖ Providing basic facilities of health, education, transportation, communication, and recreation, etc.



# Socialist Planning

- ❖ In socialism, the central planning board formulates the plan which covers the whole economy
- ❖ The central planning board has unlimited powers regarding allocation of resources and production of goods and services



# Socialist Planning

- ❖ The central planning authority determines the goals and priorities regarding distribution of national income, employment, economic needs, capital accumulation and economic growth
- ❖ Under socialism all factories, resources, financial institutions, shops, stores, ware houses, foreign and domestic trades, means of communication and transportation are under government control



Thank You