Seminar 3

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The political, social and economic systems utilized by countries across the world are of two types, namely Capitalism and Socialism. Capitalism is the financial system which means that the private individuals own the means of production. The private companies look after making profits and making money, with such companies having their own managers and owners. It is the job of the government to enforce the regulations and laws, making sure that there is a solid ground for the private companies to be run successfully, as the economy of the country under the capitalist system is based on these private individuals. Same laws are implied on these companies as the individuals based in that very country. These companies are allowed to buy property and sell the property owned by them.

Socialism, on the other hand, is the economic system where the means of production are owned by the public or state. Under this particular system, the wealth is distributed to everyone. The socialist system requires individuals working for everyone, as compared to the capitalism which requires the individuals working for each other with the government deciding how the wealth is to be distributed to every individual. The purely socialist economy does not have any free markets as observed in the capitalist system. The governments are responsible for providing for the population. Taxes are higher in the socialist economic system with the government running the health with government-operated education. People pay for the services through higher taxation imposed by the government, emphasizing on the equal distribution of wealth among the population.

The political economy involves studying trade and production and their respective link with the government, customs, and laws. It consists of the study of the economic theories with methods of influence and development of different economic and social systems which include communism, capitalism, and socialism. This study also implies how public policies are to be created along with their implementation (Haggard & Kaufman, 2018). Political economy can be divided into three different types,

1. **Interdisciplinary Studies:** This approach of studying political economy involves the sociology, political science, and economics for defining the influence which political, economic and environmental systems of a country have on each other.
2. **New Political Economy:** This approach involves treating the economic ideologies which must be treated as beliefs and actions which require further discussion rather than just being treated as general frameworks. This approach involves making explicit and normative assumptions which encourage the progressive political debate about the preferences of the society.
3. **International Political Economy:** It is also known as the global political economy which gives an analysis between the economic and international relations of a country.

The political economy, by providing the analysis of legislative reforms on the economy help in the development of business and improves the economy of a country.

References

Haggard, S., & Kaufman, R. R. (2018). *The political economy of democratic transitions*. Princeton University Press.