

SUBJECT - PRINCIPLES OF ECONOMICS

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### MIXED ECONOMY: MERITS

The mixed economic system has certain advantages. The following are the benefits of a mixed economy.

1. The mixed economy combines both the features of a socialist and capitalist economy. Therefore, advantages from both sectors are present in a mixed economy. For example, absolute individual liberty is there in a diverse economy. Again, economic freedom can be gained too in a mixed economy.
2. An arguably mixed economy is the method to establish socialism in a country following peaceful and democratic ways. For example, the economy can move towards socialism through the progressive extension of the public sector.
3. In a mixed economy, the private sector's efficient management is combined with the public sector's financial soundness. Resultantly, the country achieves a rapid rate of economic growth.
4. The evils of the capitalist system, such as inflation, unemployment, etc, can be removed in the mixed economic order. In the modern world, the objective of the government is to establish a welfare state. In the welfare state, the government

aims at achieving maximum welfare for the maximum number of people. Arguably, maximum prosperity can be gained through the extension of the public sector. It is possible only in a mixed economic system. This one is among the most significant advantages of a mixed economy.

5. In a mixed economy, though the private and public sectors exist side by side, the government puts certain restrictions on the working of the private sector. It is among the unique characteristics of a mixed economy.
6. There are some acts passed by the government to regulate the do's and don'ts of the private sector. Consumer sovereignty stays intact in a mixed economy.