

**MINISTRY OF EDUCATION AND SCIENCE OF THE
REPUBLIC OF KAZAKHSTAN M. Kh. Dulaty Taraz
State University**

**Subject: The Role of Business in the
Modern World: Progress, Pressures and
Prospects for the Market Economy**

Performed: Mussayeva T.

Course: 1

Specialty: biotechnology

Checked: Altayeva G.

Taraz 2016

Market economy

A market economy is an [economy](#) in which decisions regarding [investment](#), [production](#), and [distribution](#) are based on market determined [supply and demand](#), and prices of [goods](#) and [services](#) are determined in a [free price system](#). The major defining characteristic of a market economy is that investment decisions and the allocation of producer goods are mainly made by cooperative negotiation through markets. This is contrasted with a so-called planned economy, where investment and production decisions are embodied in a plan of production established by a state or other body with control over economic resources.



Market economies do not logically presuppose the existence of private ownership of the [means of production](#). A market economy can and often does consist of a mix of various types of cooperatives, collectives or autonomous state agencies that acquire and exchange capital goods in capital markets. These all utilize a market determined free price system to allocate capital goods and labor. There are many variations of [market socialism](#), some of which involve [employee-owned enterprises](#) based on [self-management](#); as well as models that involve public ownership of the [means of production](#) where capital goods are allocated through markets.



Capitalism

Capitalism generally refers to economic system where the [means of production](#) are largely or entirely privately owned and operated for a profit, structured on the process of [capital accumulation](#). In general, in capitalist systems investment, distribution, income, and prices are determined by markets, whether regulated or unregulated.



Free-market economy

Free-market economy refers to an economic system where prices for goods and services are set freely by the forces of supply and demand and are allowed to reach their point of equilibrium without intervention by government policy. It typically entails support for highly competitive markets, private ownership of productive enterprises. Laissez-faire is a more extensive form of free-market economy where the role of the state is limited to protecting [property rights](#).



Social market economy

This model was implemented by [Alfred Müller-Armack](#) and [Ludwig Erhard](#) after [World War II](#) in [West Germany](#). The social market economic model (sometimes called "Rhine capitalism") is based upon the idea of realizing the benefits of a free market economy, especially economic performance and high supply of goods, while avoiding disadvantages such as [market failure](#), destructive competition, concentration of economic power and anti-social effects of market processes. The aim of the social market economy is to realize greatest prosperity combined with best possible social security. One difference from the free market economy is that the state is not passive, but takes active [regulatory](#) measures.^[10] The social policy objectives include employment, housing and education policies, as well as a socio-politically motivated balancing of the distribution of income growth. Characteristics of social market economies are a strong [competition policy](#) and a [contractionary monetary policy](#). The philosophical background

