

## **MIXED ECONOMICS: ADVANTAGES AND DISADVANTAGES (ЗМІШАНА ЕКОНОМІКА: ПЕРЕВАГИ ТА НЕДОЛІКИ)**

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There are a number of ways in which a government can organize its economy and the type of system chosen is critical in shaping environment in which businesses operate. An economic system is quite simply the way in which a country uses its available resources (land, workers, natural resources, machinery etc.) to satisfy the demands of its inhabitants for goods and services. The more goods and services that can be produced from these limited resources, the higher the standard of living enjoyed by the country's citizens.

There are three main economic systems: market economics, command economics and mixed economics.

Command and market economies both have significant faults. Partly because of this, an intermediate system has developed, known as mixed economies.

A mixed economy means very much what it says as it contains elements of both market and planned economies. At one extreme we have a command economy, which does not allow individuals to make economic decisions, at the other extreme we have a free market, where individuals exercise considerable economic freedom of choice without any government restrictions. Between these two extremes lies a mixed economy. In mixed economies some resources are controlled by the government whilst others are used in response to the demands of consumers.

Technically, all the economies of the world are mixed: it is just the balance elements between market and planned elements that alter. Some countries are nearer to command economies, while others are closer to free market economies. So, for example, Hong Kong has some state-controlled industry, while Cuba has some privately owned and controlled firms.

The aim of mixed economies is to avoid the disadvantages of both systems while enjoying the benefits that they both offer. So, in a mixed economy the government and the private sector interact in solving economic problems. The state controls the share of the output through taxation and transfer payments and intervenes to supply essential items such as health, education and defense, while private firms produce cars, furniture, electrical items and similar, less essential products.