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Economy world

I Capitalism: the capitalist economic system, also called free enterprise economy, is a politico-economic mode of production in which all decisions on the management of the money and other resources of the community are made by individuals.

This type of economy is based on the following criteria:

Private Property: private ownership and control of the means of production.

1. Private Profit: creation of economic activities by individuals in order to make more profit.

2. The creation of market structure that regulates these economic activities.

3. Laissez-faire principles: which lead to competition activities between the different suppliers of goods and services. In this mode of production, the state does not intervene in the economic sphere. Its role is supportive rather than interventionist, in other words the state seeks to provide the conditions which are necessary for the economic framework to prosper.

II Socialism: Another economic system that contrasts sharply with the capitalism of Adam Smith is socialism. These system is sometimes called planned economy because the answers to the three basic economic questions are determined, at least to some degree, through centralized government planning. Socialism in a socialist economy, the key industries are owned and controlled by the government. Such industries usually include transportation, public utilities, communications, and those producing important materials such as steel. Land and raw materials may also be the property of the state in a socialist economy.

Among the professed aims of socialist countries are the equitable distribution of income, the elimination of poverty and the distribution of social services such as medical care to all who need them, smooth economic growth, and elimination of the waste that supposedly accompanies capitalist competition. Britain, France, Sweden, and India are democratic countries whose mixed economies include a very visible degree of socialism

III Market :

In the ordinary speech, the word market means a place where people buy and sell goods such as fish, meat, fruit and vegetables. In economics, a market has a more general meaning.
A market is any arrangement that enables buyers and sellers to get information and to do business with each other. An example is the market in which oil is bought and sold or the oil market. The world oil market is not a place. It is the network of oil producers, oil users, wholesalers, and brokers who buy and sell. In the world oil market, decision-makers do not meet physically. They make deals throughout the world by telephone, fax, and direct computer link.

Classification of markets:

✓ **According to the assets traded**

- **Physical asset markets:** (also called "**tangible"** or **"real"** asset markets) deal with products as autos, computers.
- **Financial asset markets**: deal with **stocks**, **bonds,** and other financial instruments.

✓ **According to maturity**

- **Short term** (money markets) is defined as the markets for financial assets that have an original maturity of one year or less.
- **Long term** (capital markets) is defined as the markets for the financial assets that have a maturity of more than one year.

✓ **According to the date of transaction**

- **Spot markets:** it is the type of markets in which the transactions of exchange take place at the same time when the price is determined.
- **Forward markets**: (future markets): it is the type of markets in which the price is determined now, but the counterparts of the contract will agree to perform the transaction at some future date, such as six months or a year in the future.