



A History of Travel with Economic Systems

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This paper tries to explain the economic system and the way in which the countries have travelled over the years in modifying their economic systems due to institutional changes, crisis, market situation, people's demand and so on. The term 'economy' was coined, created, manifested and it was also complicated by human beings. The evolution path of travel with economic systems explores the difficulties, institutional transformations and uniqueness of the different systems of the world economic history. The backdrops of different economic systems and the way in which the path has been laid to transform by losing its originality to the new paradigms of people welfare centric system. Finally, this paper projects the mechanisms of various economic systems into the shifts of new paradigms of unsolvable question of "what is it all for"?

Keywords: History, transformations, institutional, paradigms, mechanisms.

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Introduction

The term 'economy' itself was coined and formed by the human being because of his intrinsic nature of self-interest and greediness. Bible says that God created the world with all creatures, beautiful nature and climatical seasons, finally he gave it to the human being to take care of all by multiplying his generation with only one condition that not to use one particular tree's fruit. The imbibed nature of self-interest and greedy of the human being made him to violate the God's Gift. Thereafter, human beings have started to keep their wants and unlimited desires into the frame of market transaction. After the term economy was coined, the human being made an effort to form a structural system for it. The country has started to build their economic system by involving human being themselves along with other free gift of natural resources like land and raw materials to transfer the inputs into final goods and services.

The concerns of level of subsistence and the long deemed chronic scarcity, need and necessity of the socio-cultural outline brought the importance of economic systems. However, the studies of Marshall Sahlins, the American anthropologist has produced a controversial result about the notion of theory of scarcity. The literature of his studies clearly reflects that when the people are so desire the likelihood of them to make out. Perhaps, from the origin of the earth till this moment all the facts, events, systems and advancements are all focused to build humankind by the human beings around the world. The history of world economic system consists lot of ups and downs with variance in its long journey. Though the country's economic system was formed based on their ideologies but it led to series of changes due to changing growth and development process and definitely the economic system practiced by the world countries today are completely different from their ideology on which they were formed. There are so many internal, external, socio-cultural and political reasons could be considered for their transformation from the original economic systems to the present corporate based economic system.

Backdrop of the Economic System

The evolution of economic theory has framed the

Economy with only two sectors such as 'household and business sector', the flow the income and expenditure which was termed by the classical economists as the 'laissez faire' economy. The economic system has not ended only with it, the expansion process of the system has taken the economy with couple of more layer by the inclusion of third and fourth sectors. The concept of laissez fair economy has been transferred to 'closed economy' by the inclusion of the third sector called government along with the incumbent two sectors. Hence, the initiatives of most of the countries in the 20th century towards the execution of liberalisation, privatization and globalisation led the economic system to transform to the new paradigm of 'open economy' state.

Even though economic systems of a country are primarily based on the market mechanism, but the role and kind of coordination extended by the premarket systems of the society occupies a significant place by highlighting distinctive properties of market-run societies. As the philosophers use to say that the 'history repeats itself' which means the kind of methods presently proposed by the experts, economists, policy makers to solve most of the economic problems, issues and regulations by adopting the system of what archaic people did 10, 000 year / centuries ago. The evolution path of the civilisation cannot exodus the imbibed nature of the human being from the base of the economic systems. As the father of economics Adam Smith said that in "Indostan or ancient Egypt...every man was bound by a principle of religion to follow the occupation of his father" – the vast temple complexes, agriculture irrigation system, fortifications and rural-urban states of ancient India, China, Kingdoms of Inca and Maya shows clearly to the differences that the principles of command framed to economic life.

The mercantilism system was the base for the market coordination and to create a treasure abroad by promoting international trade & exchange. The bitter experience of Adam Smith as published in his book 'The Wealth of Nations' in 1776 about the history of world economy by his observation of granting complete trading rights to the government monopolies say East India Company or the Turkey Company which let the countries to the unimaginable extent to conquer and rule them for more than 100 years. As the classical economists strongly believe the lassiez faire policy, the reason

For the formation of government comes only when the human kind (haves) failed to take care of the provision of basic amenities for have nots in the society. The government intervene and imposes on wealthiest and it distribute to the neediest for their basic amenities. After the descriptions of Adam Smith about the need of government only into three functions such as provision of national defence, protection of social justice and create public institutions (health and education) which might ensures do much more than repay it to the whole society has gradually narrow downed its role over the years.

Since, the economy itself is a cycle which brought the bidimensional nature of politics and economy into the single umbrella as political economy with its more inevitable position in the system. As a result, presently there is no country in the world are functioning without the role of government (Politics). Therefore, the sustainability and consistency of the economy of a country is mainly depending upon the political environment of the country. However, in most of the countries, government includes two tires of rulers like bureaucrats and democratic elected political rulers. As the perception of Smith reflected in his 'wealth of nations' the direct productive activity of the firm drives the public desire to pay for goods and services which make the producers to yield and satisfies them only with normal profit. The Adam's wealth of nation as pointed out that the expansion of the enterprise through the employment of additional labours is the most obvious way for the manufacturer to get more wealth. Hence, the operational expansion of the enterprise provides a platform to simplify the complexed tasks through the implementation of division of labour principles. For instance, the fine tunes of division of labour, encompasses reduction in costs, increments in production and improvement in the profits of the manufacturers It is being as an encouraging factor for the enterprises to enlarge further more. Ultimately, this system of progress put forth augmentation of the wealth of nation itself when it failed to answer the wellbeing of the workforce properly.

The centralised authority of the state is able to grasp the portions of the people away from their traditional occupations and to exert their labour energies to express the desires of the few elite groups Earlier to the present era, the command

System was treated as the base for the Socialism, typically this process of the command system used to cater to the consumption and made a magnificence of their elite ruling class. The formation of economic policy and development of economic systems need to find the relief from the creation of economic problems due to imbibed nature of human kind through market coordination across the boundaries. The world economic history as clearly tablets by **Tell-el-Amarana** about 1400 BCE with respect to the trading patterns between ancient Levantine Kingdom and Pharaohs of Egypt has let 1000 years later for thriving trade of the Classical Greece, and for the establishment of monetary capital of ancient Rome. Hence, the continuous prosperous of the system created profit-mindedness among the mercantile group and fail to testify the importance of the social welfare. For instance, in the premarket society, market meant to support the suppliers and demanders of the elite group, but they failed to ensure the availability of essential goods and services to the general civic. At the time of declaration, Aristotle said that "The condition of the free man is that he does not live for the benefit of another".

Development of the Economic System

The system of market society and its principles are no longer need to respect the traditional practice and obey to the political elite. The formation of the principles of the system needs to strengthen a striving nature of the individuals for their betterment. This process of changes at the institutional and at the attitudinal levels are let the European economy to constitute a sound system from 5th – 19th century. But at the same, while we look at the political history, it expresses the collapse of the western Roman Empire and the setting up of Feudalism and also slow down the formation of nation states during the same period. This sort of vast transformations has been marked by the economists' point of view as the new formation of capitalism which ensures self-provision of the socio-cultural and political environment to the conducive market mechanisms to serve by the capitalist.

For less than a Century of the capitalistic system was established, Karl Marx and Friedrich Engels wrote that "more massive and more colossal productive forces that have all preceding

Generations together" in the Communist Manifesto published in 1848. The idea of explicit promotion of international trade and exchanges through liberalisation, creative revolutionary policy implications have traced and eroded all degree of political and philosophical thoughts to bring the changes in the originality of all the three categories of the economic systems into the single centred market mechanism of the public welfare centric in the world economic history. When we analyse the root causes for the transformation of the original economic systems of a country, most of the countries have focused their economic system towards the people welfare centric transformation over the periods / centuries. Presently, no countries in the world have the right claim or name their economic system as socialistic, capitalistic, command and mixed economy as such it was meant originally. Most of the countries' present economic system had come across all the transformation and reached into the new paradigm. The evolution of most of the country's economic systems due to the impact and responds to numerous factors and events which have transformed them from the original system into the new core idea of people welfare centric economic system.

Generally, the economic systems associated with numerous activities such as policy adoption and imitation of the socio-cultural transformation internally and externally, led the world economy to the single umbrella of people welfare centric one. The degree at which wealth distribution is focused by the system towards the individual or group of individuals or to the society which made them to identify the individuality of their economy. However, the irrespective of communal expression of the system as socialistic, command, capitalistic and the market economy which distributes wealth ultimately to the wellbeing of the humankind.

New Paradigms of Economic Systems

The various economic models, theories, and postulates from the archaic till today initiatives, efforts and process undertaken by the country should be intended to gain wealth distribution to the maximum people in the society. Economic system of a country faces lot of paradoxical situations to find a better sustainable platform. Generally, the existing market structure of the country itself use to

Provide self-directed role of the competitive market environment by reflecting the essential regulations and socio-cultural preconditions for the effective operations of the economic system. However, the impact of the self-direction's attributes of the market force are different in traditional, command and market economy. Though, the first and second world wars at global scenario or many of the regional wars took place among kingdoms in the Indian history and even the present tiny virus bio war (Corona -19) are not lucidly entitled and caused as for economic state. But perhaps, we can understand that the state of economy as the root cause of all these problems and being the undenied tacit reason for the significant transformation of the social and physical landscape economic systems. Undoubtedly, the revolutions in the market mechanisms that let to undesirable expansion, multiplication and advancements in various sectors like agriculture, spinning, weaving, steel, iron and machine tool designing than the earlier centuries. Hence, it also uplifted the position of the economic systems of a country at micro level or the world economic state at the macro level from the cultural complexion of the society to the unimageable site.

The transformation of the economic system of a country due to modernization, revolution, reforms and industrialization are need to be accompanied with the significant improvement in the standard of living and longevity in the life expectancy of the general civic. If those concerns of the society are not respected and responded which not only fails to touch the lives of the common people but instantly led the critical path to economic progress. Any transformation in the name of economic growth which changes physical and socio-geographical landscape might not lucidly show its impact at the earlier stage, it all act in a moderate base. The multiplier effects, would be reflected not only in the concern sector was focused but it affects various other sectors at the latter stage. The process of transformation which results both positive and negative impacts in the society. For example, the 'Pig Iron' of Britain during 1788 - 1839 which generated 20-fold of economic growth and its impact projected after three decades by Bessemer which also produced spectacular results in the Britain economy. The impact of the transformation into economic system we can also understand from the example of Paul Bairoch, the Swiss economic demographer who estimated the macroeconomic

Indicator of GNP and Per capita income between capitalistic and low-income countries from 1750s to 1980 (in dollars of 1960 purchasing power) as \$180 - \$3, 000 in developed countries and \$180 - \$410 in less developed countries.

Travel with Economy

The persisting vast gap of the purchasing power of the developed and less developed countries which framed a conrotatory opinion about the economic concepts and growth even among the economists. However, generally we can presume that the level of transformation of the developed and less developed countries are not same, therefore perhaps it could be answered for the vast gap. On the other side, no one can deny that the persisting instability which also led the economic system into the unbelievable shock of 1930s economic depression in the world economy, especially which completely rocked the capitalistic society. The Great depression of 1930s has taught a good lesson to the world including the capitalistic state of USA and Europe. From the lesson learned, the USA President Franklin D Roosevelt has brought lot of changes in the federal spending to provide social security measures such as old-age pensions, relief fund for hungry, unemployment allowance, health and education for all and so on. This initiative of the USA president was also set a model and let to enlarge the functions to adopt by Britain, France and Germany through more financial allocation for such activities. Finally, the original idea of the capitalism itself has transformed into the new emergence of public economics which guarantees the wellbeing of the general civic. Hence, the government themselves have taken all the responsibility to fine tune the shape of the economic conditions which is feasible to the state according to its availability. The promotion of Liberalisation Privatization and Globalization has recorded more than 20 times of total value of transaction in foreign exchange in the beginning of the 21st century itself. On the one side, this liberalisation gave freedom for the countries to identify their best business domain to locate their operations in highly populated countries like India and China where the labour force can be availed at low wage rate. Nonetheless, on the other side there is a large challenging high-tech displacement from Europe and North America to Southwest Asia, Latin America and Africa regions.

In the recent past, the idea of 'corporate approach' which was very commonly observed with great promises in the Japanese economy in 1980s but in the next decade which was found to be vulnerable in both public and private sectors due to opportunistic behaviour by the individuals. As a result, in the beginning of the 21st century itself the government paradigm moved to support the idea of the Classical economists of non-interventionist mode from the Keynesian ideology of social democratic interventionism and the model of 'Asian Tigers' of managed market economies (e.g., the rapid economic growth was obtained countries like Hong Kong, Singapore, Malaysia and South Korea). The world's economic history envisages the distinguished nature of capitalistic system with respect to derive the wealth and centrality of the competitive market mechanism variations from other economic systems. The great world economic depression of 1930s has taught a new paradigm to the capitalistic system about the progress of economic growth with sudden ends in stagnation which emphasised to bring a comprehensive socialization of investment. The involvement of technological advancements in the production process has brought the idea of economies of scale. On the one side, the economists were thinking about cutting down labour costs and on the other side the social activists emphasising about the cost of carrying capacity of the environment such as social and ecological challenges. The emphasis of the economic system was about internal economies and external diseconomies.

In the continuation of those kind of activities such as cost cuttings of the labour force and capability cost of the environmental degradation are subject to the examination of degree of economies and diseconomies of the system. Though the involvement of technology advancements is able to decline the labour cost cutting and multiplies the units of productivities but it also on the other side increases permanent unemployment which seriously increases the level of poverty. Ultimately, now the impact of unemployment pressure and excessive discharges of industrial effluents and pollutants to social and ecological challenges make the economists to doubt the state of welfare-oriented policy. When the issues of the economic systems influenced by political arena, it has become more complicated and challenges to get the cooperation of the general mass.

The idea of composing a modern industrial system explicitly into Socialism has not been succeeded until 1917 of Russian Revolution. After revolution, it has become so deceptive and more complicate than before. The inception of human capital with complexed determinants led the Soviet Union economy to the edge of collapse in 1920. The initiative of Lenin's NEP (New Economic Policy) has found a gap to restore capitalism with the new paradigm shift to retail trade, production process at the smaller scale levels and promotion of the agriculture-oriented products. However, the NEP has opened up an intense unsolvable debate about the market incentives vs moral suasion techniques during his life time. This NEP came to an end when Joseph Stalin came to power with an idea of rapid collectivisation to sharpen the economy. Ruthlessly, the capitalistic market system and private enterprises have come to an end. Hence, more powers are assigned to bureaucrats and planning agencies to take the economic life into new directions. Ultimately, which took the Russian economy from 1930s to 1980s with execution of Centralised planning structure.

This process of coordinative mechanism has led the Soviet economy to reach unprecedented growth even before the World War II. Hence, at the time of high political shakes in the areas such as space technology, their central planning structure made them to focus on skills and resource development without bothering costs and to execute successfully in many occasions in the West by the Soviet Union. However, the idea of Soviet centralised planning system had failed to orchestrate the civilian economy during the peacetime. As a result, the idea of restructured planning was introduced by Mikhail Gorbachev in 1985. It includes, the idea of direction towards regional development in which the small private enterprises were to be encouraged, especially in farming and the retail trades. However, in the restructured planning system the degree of variation of the economic structure and political orders remained as indeterminant. As a result, at the end of 80s Soviet economic and political system was facing more serious gradual breakdown. Finally, in 1991, the Soviet government has lost its control and it led to break up of independent smaller republic unions. The 70s stagflation, 80s fiscal crisis of the democratic states and the 90s unemployment pressures in the western Europe has created serious doubts in the economic history even at earlier

Stage of the 21st century about the ability of the government to find a remedy for market problems. The base of the centralized planning structure laid the path to the determinants of political decisions such as electrification, transportation networks, agriculture targets and all other infrastructure facilities to the national economic activities of Soviet republics.

At the early 90s, an attempt was taken by Eastern and Central European and former Soviet Union countries such as Poland, Hungary, Germany, the Czech Republic, and Russia to switch over to market economic system by winding up the privatization programs. This transformation of those countries was also made a platform to change their political system to democratic form of governance. The present common democratic set up of the country and importance to the welfare state of the society perhaps ignited from the basic idea of the central planning system. The amalgamation of various market economic systems of those countries is also making sure to some extent of their best suites of their institutional legacies, political ideologies and cultural traditions. Over a period of time this mixed market system was also identified in the less developed countries of the world. The neoliberalism paradigms have created a kind of combo economic system (for e.g., corporate economy) which made a platform even to the capitalistic country to emphasise income distribution without supplementing reward through taxes, subsidies, welfare systems, such as old-age pensions and health benefits. The gradual motivation of genuine interest in improving the life of the general masses which attracted most of the countries to incorporate into the democratic mixed economic systems in the 20th century. The well-established mixed market economic system has restricted the free hand of political power of the country. The employment labour policy has been strengthened through legislation and thereby the organisations are not permitted to hire or fire of workers for economic reasons. Even though, this kind of set up encounters with the other consequences like inefficiency in production and misallocation of resources and labour forces, the organisations need to overcome those issues by increasing worker participation in the management of the enterprises.

Conclusion

The evolution path of economic system has undoubtedly, uplifted the lifestyle of the human being. This process led the socio-economic and cultural system of the globe into the hands of the human being as simple as possible. The incumbent divergence, complications and role of the corporate world is being and become a part and parcel of the routine human life. Though, the study makes us to understand the traveling path of the economy and continuity of similarities and dissimilarities of various economic systems from one to another. But still the basic philosophical unanswerable question of 'What is it all for?' is also raising in our mind... Hence, nothing is permanent and static except changes and being dynamic.

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