

Are market systems  
and policies efficient?



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The types of economic systems used in the United States is a mixed economic system (Ross, 2018). According to Agarwal (2019) “ This economic system is a cross between a market as economy and command economy” (para. 13). The market or free market economic system as Agarwal (2019) explains “ firms and households act in self-interest to determine how resources get allocated, what goods get produced and who buys the goods” (para. 7). The market economic system is great for innovation and technological advances because the drive in market competition is fierce. The fierce competition improves production efficiency, a lower rationing device price, and higher quality. Agarwal (2019) found that “ In a command economic system, a large part of the economic system is controlled by a centralized power” (para. 3). The United States uses the best of the two economic systems.

The economic system in China would be the command economic system (Agarwal, 2019). To be specific about China’s economic system, China’s World Trade Organization Ambassador Dr. Zhang Xiangchen gave the following reply at the General Council meeting (Gao, 2018). Dr. Xiangchen said, as the author passed on the following:

Back in 1992, when China announced that it would build a socialist market economy, right in the Room W, a question was posed to a Chinese delegate, that is, what is a

socialist market economy? I clearly remember this delegate replying that the socialist market economy was the market economy under the leadership of

the Chinese Communist Party. 26 years passed since then, we have never changed our position (Gao, 2018, para. 2).

China's economic market is still tightly controlled under the Chinese communist party.

The economic market in Russia has changed since the Soviet Union. As Amaded (2018) states " Russia has a mixed economy. It's come a long way since the 1991 breakup of the Soviet Union and its command economy" (para. 3).

A political system is defined according to " Dictionary. com" (n. d.) as " a coordinated set of principles, laws, ideas, and procedures relating to a particular form of government, or the form of government itself: Democracy is a political system in which citizens govern themselves" ( para. 1). The knowledge of political systems gained my personal experience would be only democracy. I was born and raised in Hawaii. I have studied in school, watch TV and read in the news about other political systems. Since I was always under the democratic system, it is like living in my own bubble and oblivious to other political system methods.

The political policies used in the United States compared to another countries in the world would be basically similar. The political policies would be self-serving in the interest of the county and battling with issues or problems that must be solved. From past history, the political policies start with the best intentions but, sometimes lead to failure.

Capitalism has a good and bad side. The virtues of capitalism explained in five areas as follows:

First, it encourages creativity and innovation. Second, it promotes initiative and independence. Third, capitalism fosters cooperation as diverse people from across the socio-economic spectrum meet in the market to interact commercially. Fourth, it gives incentive for civility, a trait demanded by competition; sellers don't have to love their consumers, but they had better respect them. Fifth, capitalism promotes responsibility;

individuals have incentive for productive work since this is the path to compensation (Lugbill, 2011, para. 4).

The vices of capitalism include greed, excessive consumption of goods which lead to materialism(Lugbill, 2011). Winston Churchill, in the House of Commons in October 22, 1945 summed up the vice of capitalism he is caught quoted as " Vice of Capitalism" (n. d.) states " The inherent vice of capitalism is the unequal sharing of blessings. The inherent virtue of Socialism is the equal sharing of miseries" (para. 1).

In this section the differences among economic system, political system, and economic policy will be discussed. First, I will define the various systems. AsAgarwal (2019) states " The way scarce resources get distributed within an economy determines the type of economic system" ( para. 1). The economic system are methods by which governments organize and distribute available resources, services, and goods across a geographic region or country(" What is an Economic System," n. d.). The command system is tightly controlled by a centralized government entity and a free

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market economy is not controlled by any entity. A political system is classified as a monarchy, aristocracy, and democracy (“Political system definition,” n. d.). The political system are forms of government of norms, ideas and values to achieve political power (“Dictionary. com,” n. d.). As “Economic Policy” (n. d.) states “An economic policy is a course of action that is intended to influence or control the behavior of the economy” (para. 1). “Economic Policy” (n. d.) continues “Economic policies are typically implemented and administered by the government” (para. 1). To conclude on the differences among economic systems, political system, and economic policy are as follows: economic systems are about control of resources, goods and services (“What is an Economic System,” n. d.). The political systems are forms and values of member groups or individuals. Finally, economic policy are about influence and manipulation of the economy.

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