

China is closer to command or market economy? essay sample

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Over the last several decades, there has been a heated discussion over whether China is closer to command or market economy. Before rendering my opinion, it is more important to take a glance at the arguments on both sides and I believe China is closer to being a modified economy country.

People, who advocate that China is one of the command economy countries in the world, have their sound reasoning. First of all, the most important thing in command economy is that government makes decisions.

Government decides what to produce, how goods and service will be produce and who receives how much. Before 1978 there was no private company in China which means all the companies owned by Chinese government. All the Chinese citizens needed to work for the government. At that period, government decided what to produce, how to produce and produce to whom and it didn't allow any workers to come up with their ideas and suggestions.

All the workers needed to finish the tasks which were signed by companies. (Guangming) For example, Tom is a member of Shoe Company and the company gives him a plan which rules he should finish making twenty shoes this month. Actually, the pan is not suitable for Tom because it is possible for Tom to make thirty shoes. At that period, all the workers get the same salary so that workers didn't want to make better products and completed excess tasks because they could not get excess bonus. (Guangming) The economy condition was terrible at that period because workers lacked of incentives and the government did not coordinate schedules efficiently and the plans were not suitable.

To this issue, some other people, arguing that Chinese is market economy, are not standing on a lesser ground. To begin with, Chinese government made a new policy in 1978 called the Reform and Opening-up policy which means every Chinese citizen can open private company and also can choose to work for the governmental companies and they will get the bonus salary if they work hard or they make more products than the plans. (amdin) For instance, Jack is a member of governmental Shoe Company and he can get the excess salary if he makes the excess products than the plan and the quality is better. It makes people have more incentives to work and make market more competitive. The new policy ruled that government should let business people to control the economy. (amdin) If more consumers buy the products, the company will produce more products.

Therefore, the market was more flexible because it was able to adapt quickly to meet changes in the demand for goods and services. More and more people tried to open their own companies so that the market is full of competitions. Consumers could purchase any number of products. Now China is changing from the command economy to market economy. China has been a member of World Trade Organization since 2001. (sina economy) World Trade Organization facilitates economic liberalization and economic globalization which means it suggests more countries have business with each other and protect the economy. (shenghuochaguan) China can get lots of benefits as a member of WTO, for example, it expands export trade and stimulates Chinese companies' competitions and enhance the reform and opening-up policy. (shengguochaguan)

After comparison two different economical systems in Chinese, China is closer to modified market economy because Chinese economy is mainly a market economy but it is more influenced by government. The main policy has run in Chinese economy since 1978 is called the Reform and Opening-up which means Chinese government began to have business trades with other countries in the world and government decreases the controls in economy. (amdin) In other words, it demonstrates that Chinese government tries to let business to control the economy, and it is a transforming from command economy to market economy. At the present, what to produce by the dollar votes of consumers which mean consumers expenditures act to inform and direct producers of goods and services, the price changes by the competition among producers and the market forces producers to use cheaper methods of production, and the consumers in competitive markets decides for whom to produce because if consumers want more products that producers will produce more.

However, some important and scarce industries are controlled by the government such as rare earth which is chemical element resource. It is reported by the research that china has 36 percent rare earth in the world and it is used by making military weapons. (Pui-Kwan Tse) Chinese government doesn't allow private companies to control rare earth industry, and government decides the amounts of rare earth will be produced and sold to other countries. (Pui-Kwan Tse) It proves that China is not totally market economy and the government sometimes controls and decides some important and scarce industries.

In conclusion, Chinese government runs the market economical system and let business people control the market for goods and services. However, Chinese government also controls some important and scare industries and doesn't allow any private business people to control them. Therefore, Chinese economy is closer to modified market economy.