

COMMAND ECONOMIC SYSTEM

Economic Systems Debate

Many economic systems have evolved over the years to deal with the three primary economic questions: what to produce, how to produce it, and for whom to produce. This week we have outlined several of those systems: traditional, command, free market, and socialist systems. So which system is the “best?”

Roles:

- You and 1/3 of the class will be arguing that your economic system is the so-called “best.” You will either be arguing for a free market capitalist system, a democratic government-planned command system, or a mixed socialist system. If you do not like the system you have been assigned you may trade with another student if you can find one willing. You may also enjoy the challenge of arguing for a system that you would not normally support. In any case, whatever system you end up arguing for, even if it is not one you personally support, you need to support and argue for your system strongly and with gusto.

Procedures:

- Read the arguments in favor of the economic system you are assigned.
- On your debate preparation notesheet, summarize **IN YOUR OWN WORDS**, the most convincing arguments you have and/or other arguments you want to be sure to bring up. Be sure to elaborate using specific examples to make your case.
- Read the arguments in support of the other competing economic systems. Again, on your debate preparation notesheet, summarize the arguments **IN YOUR OWN WORDS**, and explain in at least several sentences each how you plan to refute each argument.
- Your completed debate preparation notesheet will be checked for completion and stamped before the debate begins. For credit, have it completed **BEFORE** the debate begins.

Grading:

- Each individual will be assessed based on the quality of your debate preparation notesheet, your contribution to your group’s preparation, and your verbal participation during the debate.

Summaries of Main Arguments

Option #1: Free Market Capitalism: The Path to Efficiency & Prosperity

While command and mixed economies may have some merits, free market capitalism is far and away the best economic system. It is the most efficient, the most innovative, and the most enriching to its citizens. The more the government interferes in the economy, the worse it is for the people.

- *A capitalist economic system leads to higher economic growth rates and greater prosperity.*
- *A capitalist economic system rewards skill and effort.*
- *A free market economy provides efficiency, innovation, and consumer choice.*
- *While capitalism is at its foundation, built on what some may call selfish or egoistic principles (self-interest), its consequences are generally much more humanitarian than that of a command or socialist economy.*
- *Socialist and command economies are a threat to democracy and liberty.*

Option #2: Command Economy: Equality, Stability, and Mutual Concern

The most effective of all economic systems would be a democratic command economy, with government planning answerable to the people. Such a system would be more efficient, would maximize the social welfare, and would eliminate the huge inequality of income and wealth one finds in a capitalist economy.

- *A command economy, unlike a capitalist one, ensures jobs, health care, and education for all.*
- *A command economic system brings stability, largely avoiding the boom and bust cycles caused by a market economy.*
- *A command economy is the only economic system that creates equality.*
- *A command system prevents the dictatorship of money.*
- *A command economy is the economic system that validates rather than demeans the dignity of the individual.*

Option #3: Socialist/Mixed Economic System: The Only One That Gets the Right Balance

A socialist economy combines the dynamism of a free market economy with a government-run safety net that is the best of all possible worlds. A free market system is efficient, but leads to insecurity and inequality. A command system ensures equality and basic needs, at the cost of prosperity and freedom. A socialist economy has the advantages of the two extremes while limiting the negatives.

- *A socialist economic system differs from a command economy in that it addresses the need for efficiency and wealth creation.*
- *Mixed economies, unlike more free market capitalist ones, have a much better track record of providing health care and education for their people.*
- *A socialist economic system brings more stability and avoids the extreme levels of inequality found in free market economies.*
- *Actually, if one looks at it objectively, even the U.S. is largely a mixed economic system.*
- *In the end, the extremes of a free market capitalist economic system and a command economic system both fail.*

Option #2: Command Economy: Equality, Stability, and Mutual Concern

Many people are scared by any mention of a command economy involving government ownership and running of the economy. Mostly this is because people equate a command economy with the former Soviet Union and Communist China. However, while those countries had command economies, they were also totalitarian dictatorships. The most effective of all economic systems would be a democratic command economy, with government planning answerable to the people. Such a system would be more efficient, would maximize the social welfare, and would eliminate the huge inequality of income and wealth one finds in a capitalist economy. In fact, while we often equate a capitalist economy with freedom, capitalism is in fact a dictatorship, a DICTATORSHIP OF MONEY.

A command economy, unlike a capitalist one, ensures jobs, health care, and education for all.

Economic systems that rely solely on the market lead to distorted investment priorities, as wealth gets directed into what will earn the largest profit and not into what most people really need. Thus, public health, public education, and job training receive inadequate attention. For example, in the United States attending college is extremely expensive which leads thousands of Americans either to be shut out of higher education all together or to be saddled with thousands of dollars in student debt after graduation (student debt averaged \$29,400 per graduate in 2014, with over \$1.1 trillion in cumulative student loan debt.) In contrast, one can receive a virtually free and quality university education in many socialist and command countries such as Germany, France, Brazil, Denmark, Cuba, and Argentina without the stress of figuring out how to pay for it.

Everyone gets medical care through government-run universal health care systems in Canada, Cuba, England, France, Germany, Sweden, etc. at minimal cost, while paying medical expenses continues to be a huge source of anxiety in the United States; it is in fact the leading cause of bankruptcy in the U.S. In addition, stories about excessive wait times in these systems have been greatly exaggerated by conservative organizations who want to dismantle them—in fact wait times for medical care are comparable to the U.S.

A command economic system brings stability, largely avoiding the boom and bust cycles caused by a market economy. Capitalist economies--and the market portion of socialist ones--lead to periodic economic crises, where the economy stops growing, fewer things are made, development of production slows down, investment drops off, etc. On the other hand, a planned command economy can ensure the continuous utilization of all available resources and does not suffer from a business cycle. Under an ideally administered planned economy, neither unemployment nor idle production facilities should exist beyond minimal levels, and the economy should develop in a stable manner, unimpeded by inflation or recession. Meanwhile, more than a few socialist countries like France, even with their relatively strong government safety nets, continue to be haunted by unemployment rates above 10%.

The economic anarchy of capitalist society as it exists today is, in my opinion, the real source of the evil... I am convinced there is only one way to eliminate these grave evils, namely through the establishment of a [government-planned] economy, accompanied by an educational system which would be oriented toward social goals. In such an economy, the means of production are owned by society itself and are utilized in a planned fashion. A planned economy, which adjusts production to the needs of the community, would distribute the work to be done among all those able to work and would guarantee a livelihood to every man, woman, and child. The education of the individual, in addition to promoting his own innate abilities, would attempt to develop in him a sense of responsibility for his fellow men in place of the glorification of power and success in our present society.

— Albert Einstein (1947)

A command economy is the only economic system that creates equality. Some claim that market systems bring about a higher standard of living than command systems, but the real question is higher standard of living for whom. In reality it is a higher standard of living for a few, propped up by much of the society that does not enjoy the benefits. Massive inequality exists in market economies like the United States, where the top 1% of the population owns 39% of all the wealth of the country and the bottom 40% have absolutely no wealth at all. In the U.S., sixteen million children under age 18 live in households unable to consistently get enough nutritious food, while 22% of all children live in poverty.

While many supporters of capitalism speak positively about the concept of equality (“all men are created equal”), in fact, capitalist systems provide neither equality of outcome nor equality of opportunity. In terms of educational opportunities, the deck is stacked in favor of the affluent. Inherited wealth gives a certain segment of the population huge advantages in obtaining material affluence. For many, unequal distribution of income and wealth is *the* big disadvantage of a free market economy. In a free market with very limited government, benefits will be low, the health service poor and schools under funded. If you start life with very little, and do not even get a good education, then there will be very little protection from destitution. A command economy might not have the efficiency and enterprise for the successful to make millions, but it will be a fairer economy and the government will try to make sure that nobody falls through the safety net.

A command system prevents the dictatorship of money. Capitalism is a system based solely on exploitation, whether it be the exploitation of the natural environment or of one another and as such it is ultimately unsustainable and creates an oppressed society under the cultural (or political) tyranny of the elite few and thus has created many of the ills of our society. To the contrary, a command system, with government management of the economy under the advice and consent of the people, works to eliminate this exploitation.

In a free market system, those with the most money begin to exercise a disproportional political influence, which they use to help themselves make still more money. As the wealthy have more influence, they have connections to politicians and appointed officials -- very dangerous in a representative democracy. The government must represent *all* the people, which will certainly not be the case if the wealthy own the political processes. Votes can be manipulated through the media, politicians can be bribed, and the justice system will of course be skewed toward those who can afford the best lawyers.

Then factor in corporations. Without regulatory interference by the government, companies can and will quickly build up monopolies that can drive prices far beyond the product's value, rendering the free market system of supply-and-demand useless. Basically, products necessary for everyone will be in the control of only a few. Without government to check them, those who are greediest and most selfish will rise highest in society.

A command economy is the economic system that validates rather than demeans the dignity of the individual. This is because a command system maximizes social welfare rather than maximizing profit. Command economic systems are systems based on community ownership and cooperation, rather than competition. The bottom line is that capitalism creates selfishness. Growing up in a market system produces, of necessity, market personalities in people. Being raised in a market culture, one develops a set of anti-social attitudes and emotions. People become egotistical, concerned only with themselves. "Me first", "anything for money", "winning in competition no matter what the human costs" become what drives them in all areas of life. They also become very anxious and economically insecure, afraid of losing their job, their home, their sale, etc., and they worry about money all the time. The emphasis on money as the source of worth leads to an increase in all kinds of economic crimes, with people trying to acquire money illegally when legal means are not available (and sometimes even when they are). Given this scenario, feelings as well as ideas of cooperation and mutual concern are seriously weakened, where they don't disappear altogether, for in a market economy it is often against one's personal interest to cooperate with others. In contrast, command economic systems create community values, reinforcing the idea that "we are all in this together" instead of each man fending for himself at any cost.

While socialist economies partially attempt to address the horrific problems of free market capitalism, they do not go far enough. To the extent that they still rely on capitalistic for-profit structures (many socialist countries have systems that are 70-80% market-driven economies), they are still plagued by the same issues that one finds under capitalism: greed, inequality, boom and bust economic cycles that leave many unemployed. Only a command economic system avoids these problems, provides for all, and leads to a full society of cooperation and stability.