



Markets in crisis

The marketisation of the Chinese economy

COMM 7

The marketisation of the Chinese economy starkly illustrated the inappropriateness of market provision of services such as health care. At the same time, ironically, the very success of the marketisation of other sectors in triggering rapid economic growth has put new pressures on global markets.

BRONWYN CURTIS

The opening up has also meant that because countries like China and others are more wealthy than they were, that they've started to spend money on other things. One of those is food, and going forward the thing about food is that, it's not that they, they don't wanna consume the basic vegetables and rice and that sort of thing. They want protein-based diets just like the West. The problem with protein-based diets is that producing animals and eating them is incredibly inefficient and it could mean that going forward we're going to see much higher prices for things like grain and probably agricultural commodities in general. Food prices go up. Those that can afford it will still buy, and of course the poorest parts of the world on the poorest economies will suffer.

COMM 8

The failure of the market to allocate food fairly, rather than an overall shortage of food, lies at the heart of the intermittent food crises of the early twenty-first century. And illustrates how individual self-interest can operate through markets to generate instability and inequality.

BRONWYN CURTIS

The market is an allocator of resources. Is it a good allocator of resources? Perhaps not. What you see is, it's a very good place where, for transparency, and getting a clearing price and so on. So is it the best way of distributing, whatever it is, money within the economy? Well, not necessarily ... you have a price but the distribution of goods, it doesn't mean that it is fair.

SIMMS

One of the great failings of the global economy of the last two decades is the way that it's seen a continuing mal-distribution, a negative redistribution of wealth from poor to rich. In the 1980s, which was known in the development, human development, circles as the lost decade of development, for every hundred dollars' worth of global economic growth, about two dollars twenty found it to that proportion of the population living under a dollar a day, the absolute poor. In the 1990s – the decade in which we had this long chain of UN conferences setting up the millennium and development goals – the share of the poor in that notional hundred dollars' worth of global growth had shrunk to sixty cents. So we've ended up in a bizarre situation in the global economy under the neoclassical nostrums where, to get ever smaller slivers of poverty reduction, has required ever more over-consumption by the already-rich.