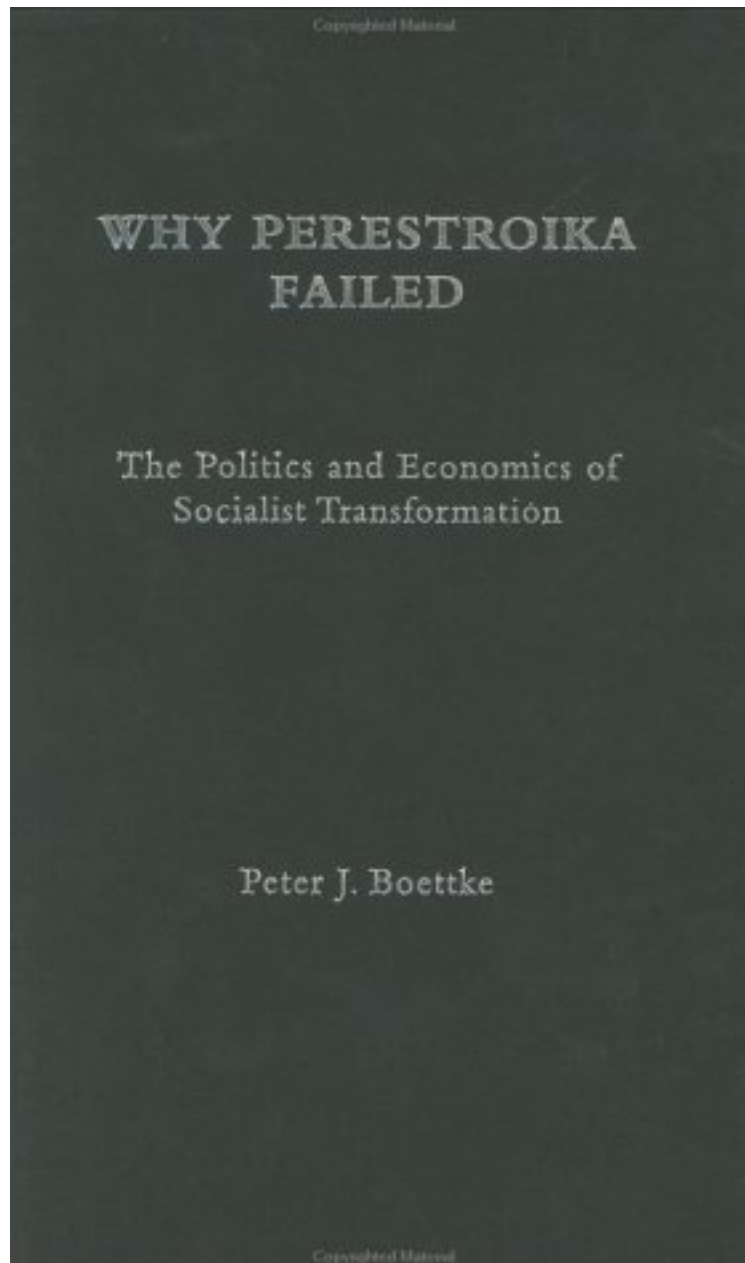


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Why Perestroika Failed

Peter J Boettke

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Peter J Boettke : Why Perestroika Failed before purchasing it in order to gage whether or not it would be worth my time, and all praised Why Perestroika Failed:

0 of 0 people found the following review helpful. FROM PERESTROIKA TO TRUMPBy The CurmudgeonIf you

read only one book on economics, this should be it. Before explaining Perestroika, Boettke first has to explain the difference between pure capitalism and pure communism. Capitalism is based on private property and free enterprise. But the main element is free pricing where price information regulates the relationships between producers and consumers. It is basically a retrospective system where participants can observe the actual economic results from market activity and make necessary adjustments. This produces new results and the basis for further adjustments. It is a perpetual feedback system of trial and error. Communism is a system of central planning where bureaucrats anticipate economic conditions and issue pricing and output orders. Production decisions are thus political and not economic. There is little effective economic feedback. This political system produced special economic privileges for the communist elite and shortages as well as long lines for most of the population. It was supported by a loyal caste of bureaucrats. People responded with illicit corrective measures such as bribing officials to get anything done and creating a black market. Boettke gets real technical and says there really was no communist central planning because it is an economic possibility. Bureaucrats can never get the information necessary to run an efficient economy. He says the Soviet Union was actually a monopoly run by the Communist party for the benefit of its members. But I think it is more practical to say the Soviet Union was a communist state based on central planning even if it was not pure communism. Boettke says Perestroika had two problems. First, the countless economic reforms Gorbachev announced under Perestroika were never really carried out. The bureaucracy opposed all reforms and Gorbachev would back down. Second, Perestroika was basically a movement to make central planning efficient and central planning cannot be made efficient. As a result, the whole system eventually collapsed. This book was written in 1993 and things have changed. Russia is more capitalistic and democratic while America is less capitalistic and democratic. America is increasingly run by unelected judges, unelected bureaucrats, and unelected Federal Reserve governors. This governing elite is increasingly like the Soviet nomenklatura (bureaucracy). Meanwhile the career politicians in Washington have become more entrenched. Their role is increasingly to provide special benefits to organized special interests who then make contributions to keep the politicians in power. The costs of these benefits are passed onto voters who are relatively unorganized. The whole system here is geared towards short benefits and long term costs. Nevertheless it is becoming apparent that the long term is approaching. The standard of living has hardly improved since 1970s except for a bunch of electronic gadgets. Real median wages have been stagnant and many have suffered declining real wages. Meanwhile total debt in this country has surpassed \$60 trillion (government, business, personal). People have responded to this deterioration by electing the outsider Trump, who is facing tremendous resistance from the Washington establishment. Trump is like Gorbachev in that he is the first reformer but also like Yeltsin in that he is unconventional. Whether the United States does better than the Soviet Union remains to be seen.² of 3 people found the following review helpful. Great book, Boettke's best, but not worth \$185 By David Mitchell This is a great book. In telling the story of Perestroika Boettke talks about the failure of communism and central planning. He also talks about why and how communism was able to last for as long as it did. The book is deep and full of broad knowledge. There is a lot of sociology. There's even a bit of anthropology in that parts of it remind me of Hedrick Smith's *The Russians*. It isn't worth \$185. Routledge, like Edward Elgar, always charges way too much for these things.

Perestroika was acclaimed in the west but brought empty shelves in the east. *Why Perestroika Failed* argues that this was inevitable because it was not based on a sound understanding of market and political processes. Even if the perestroika programme had been carried out to the full it would have failed to bring about the structural changes necessary to transform what was the Soviet economy.

"Peter Boettke's book is one of the few in which an economist deploys his own disciplines in that fuller context [to address the structural problems of the Soviet system]."-*The Times Literary Supplement* "This is a well-written and occasionally polemical analysis of what was wrong with Marx's vision of socialism and with its "Soviet" version, and of the attempts to reform the system, plus some guidelines as to how to achieve a rapid transition to capitalism. . . Many times Boettke hits his target with precise effect. Thus he correctly stresses the utopian elements in Marx's vision of socialism, the irrationalities and distortions typical of the traditional Soviet system, as well as the contradictions which accompanied the attempts to reform it under Gorbachev."-*Journal of Political Economy* "An excellent analysis of the failure of the ACE [Administrative Command Economy] in general, and perestroika in particular, drawing on many insights from Austrian economics and public choice theory."-Edwin G. Dolan, University of Glasgow "Within the recent wave of reflection on "perestroika Boettke's book is among those with the highest theoretical ambitions. . . The book is inspired by the Hume-Hayek tradition, which is extremely well applied in the explanations of the structural weaknesses "perestroika failed to overcome. "Perestroika did not bring changes in institutional rules which would allow experiments in social organization that are seen as basic requirements of any sustainable economic system. . . Whether you agree or disagree with the arguments the book gives an excellent and consistent view on the topic."-*Europe-Asia Studies* About the Author Peter J. Boettke is Assistant Professor of Economics at New York University and a 1992/93 National Fellow at the Hoover Institution on War, Revolution and Peace at Stanford University.