

From Mao To Market

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Reform in China succeeded because government failed to prevent local officials from forcing prices to market levels. Andrew Wedemen argues that China succeeded in moving from a Maoist command economy to a market economy because the central government failed to prevent local governments from forcing prices to market levels. Having partially decontrolled the economy in the early 1980s, economic reformers balked at price reform, opting instead for a hybrid system wherein commodities had two prices, one fixed and one floating. Depressed fixed prices led to 'resource wars', as localities battled each other for control over undervalued commodities while inflated consumer goods prices fuelled a headlong investment boom that saturated markets and led to the erection of import barriers. Although local rent seeking and protectionism appeared to carve up the economy, in reality they had not only pushed prices to market levels and cleared the way for sweeping reforms in the 1980s, they had also pushed China past the 'pitfalls' of reform that entrapped other socialist economies. EAN/ISBN : 9780511057779 Publisher(s): Cambridge University Press Format: ePub/PDF Author(s): Wedeman, Andrew H.

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