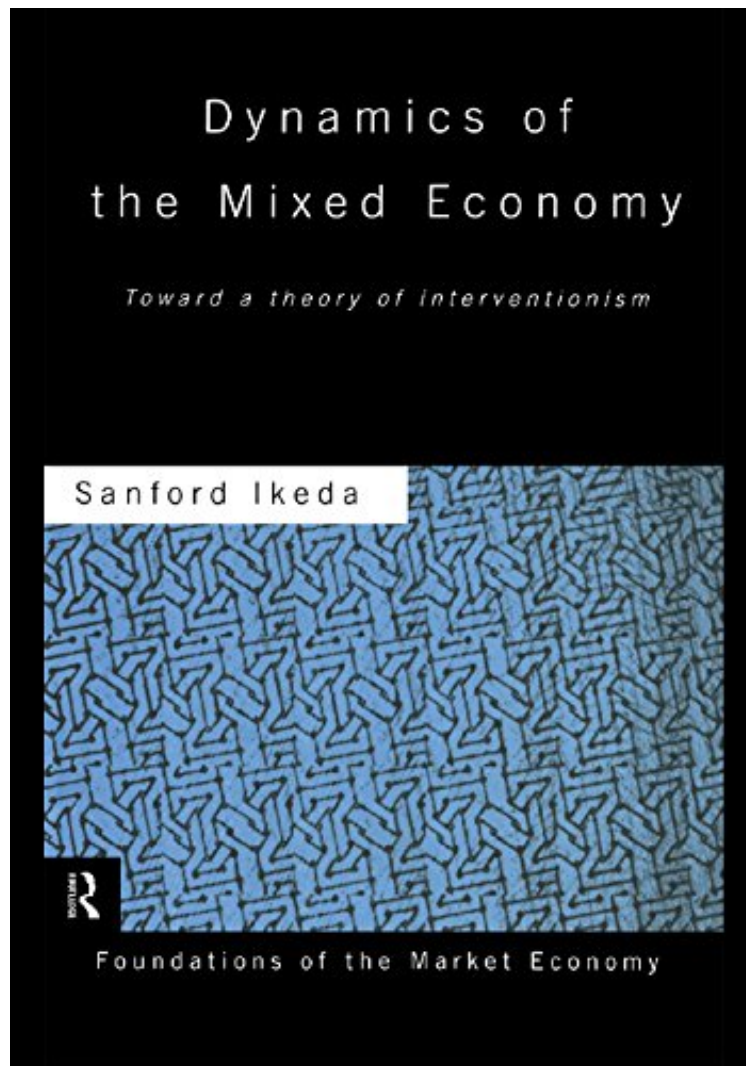


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Dynamics of the Mixed Economy: Toward a Theory of Interventionism (Routledge Foundations of the Market Economy)

Sanford Ikeda

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Sanford Ikeda : Dynamics of the Mixed Economy: Toward a Theory of Interventionism (Routledge Foundations of the Market Economy) before purchasing it in order to gage whether or not it would be worth my time, and all praised Dynamics of the Mixed Economy: Toward a Theory of Interventionism (Routledge Foundations of the Market Economy):

1 of 1 people found the following review helpful. A successfull start at explaining why nearly every economy is mixed.By Ronald J. LegereLudwig Von Mises said, in Human Action: "The interventionist interlude must come to an

end because interventionism cannot lead to a permanent system of social organization." Mises went on to explain why, and expected in the end for all mixed economies to end as pure socialism or return to a free (unhampered) market economy. The observed fact that we see instead mixed economies everywhere is called the "Miseian paradox" by the author of this text. This text, after supporting Mises and the Austrian school's critique of mixed economies, proceeds to explain the dynamics of such economies, and how instead of necessarily ending up at one extreme or another, real economies can be expected go through a series of crises (much as we are seeing now) that cause a continuous cycling between collectivism and free markets. This is a kind of dynamic stability. The text is interesting and illuminating. It does tend to drag on at times, but those parts that drag on for me may be fascinating for others. It doesn't offer any real hope for the world, except that if there was an exogenous shift in ideology toward free markets, we might then be able to maintain stability in the minimal state. Otherwise, we are stuck with what we got. Sad, but the arguments ring true.

13 of 13 people found the following review helpful. Examines the stability of the Minimal State
By alockard@gmu.edu
The mixed economy that Ikeda writes of is the so called "third way" between laissez faire capitalism and socialism, also known as interventionism. Virtually all developed economies, including that of the United States fall into this category. Ikeda's work is within the Austrian tradition, which has held (following Ludwig von Mises) that mixed economies are unstable and internally contradictory. They must either cast off their regulatory shackles and return to a state of laissez faire, or complete the descent into totalitarian socialism. Ikeda develops the theory that each regulation, designed to address some mis-perceived occurrence of market failure, actually introduces new inefficiencies into the market place. Regulatory intervention begets more intervention, the results of which are inevitably inferior (even in the view of the responsible policy makers) to the original situation. In this manner, Ikeda proposes that the bias of the mixed economy towards increasing socialism is the result of the law of unintended consequences, rather than, for instance, a rent-seeking dynamic. Ikeda applies his analysis to the minimal state. He defines the minimal state as the smallest, least intrusive state possible consistent with providing enough order and infrastructure to permit free markets to exist. It provides enough of a defense, police and legal system to protect private property, and only those public goods that are inherently impossible for free markets to provide. Ikeda finds the minimal state unstable. Given citizens's heterogeneous preferences for the services the state provides, it is not possible that each citizen's benefit from the existence of the state will perfectly match the cost they incur in taxes. The perceived difference will result in calls for adjustments by the state. Since the minimal state, by definition, can not shrink without collapsing, all adjustments must take place through expansion. This sets it on the path towards the interventionist state. Ikeda does suggest, however, that the ideology of the populace can potentially hold that drift in check. Ikeda attempts to rescue Mises from the paradox of interventionism. Mises argued that the interventionist state cannot persist. Following the dynamic developed further here by Ikeda, the interventionist state must collapse into complete socialism. This is contrary to what we observe around us, however. Most of the world's economies are interventionist, and have been so for an extended period. Rather than leading to inevitable collapse, it would appear that interventionism is remarkably stable. Ikeda has an explanation for this paradox. He describes the dynamic as a gradual descent into a more socialistic, and thus less efficient, condition, interrupted by occasional contractions of the sphere of interventionism. The destructive character of the interventions become so apparent in some area of the economy that deregulation becomes politically feasible. Since total deregulation of the economy does not occur, however, economic inefficiencies persist. New interventions are gradually reintroduced, once again choking the system. The progressive deterioration of the economy occurs with increasing socialism as Mises predicted, but the descent into complete market socialism on the Soviet model is checked by occasional partial deregulations. In this manner the interventionist state can persist indefinitely, rather than collapsing, as was predicted by Mises. Ikeda's methodology helps illuminate important questions. Can government shrink? Is a minimal, night watchman state a viable political order? This book is a worthwhile read for students of political economy who care about such things.

1 of 1 people found the following review helpful. Interesting read- Price is a little odd though...
By Bam Bam
After reading a chunk, I find this book right up my alley- it addresses and expands upon work that Mises started. I'm a big fan of Austrian Economics, but like every economic philosophy it has its shortcomings, and the author here makes a good run at addressing some of them. Unfortunately, this ebook is priced at parent-subsidized university prices, so most laypeople won't be able to read it. However, publishers haven't seemed to learn yet that pricing an ebook in this fashion will just encourage people to seek the book by other means. Some books that cost an arm and a leg in the States can be found for free on foreign websites, by merely googling the book title. 'Tis very odd indeed.

Dynamics of the Mixed Economy applies the insights of modern Austrian political economy to examine economic policy in mixed economies. It compares and contrasts standard approaches to the growth of the state (including public choice) with that of modern Austrian political economy; examines in detail the nature and operation of the interventionist process in the context of nationalization, regulation and the welfare state; analyzes conditions that produce instability under laissez-faire capitalism; argues that the interventionist process is a 'spontaneous order'; and

offers several 'pattern predictions' regarding the character and behaviour of really existing economies.