

# Neighborhood Economics:

## Free Market vs. Command-and-Control

Wichita Falls Public Library

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# Thank you!

- Attendees
- Wichita Falls Public Library
- Kathy Vosler
- Dillard College of Business

# Introduction

- Dr. Agim Kukeli,
  - Director- Bureau of Business & Government Research
  - Dillard College of Business Administration @ Midwestern State University
  
- From Albania
  - MA and PhD from Colorado State University
  - Was 25 years old when communism fall apart
  - Worked at CSU, Colorado Mesa University, Black Hills State University, University of Akron [USA]
  - Research Station-Dibra, MoAF-Tirana, University of Durres, UNYT-Tirana [Alabania]

# Neighborhood Economics

- Idea ...
  - Had it for quite sometime
  - Initiate discussions with community on economic concerns
  - Open to public
  - Open to discussions, facts, thoughts...
  - Focused on the economics of Wichita Falls

# What next?

- All forums will take place here
- Tuesdays from 6:30 PM -7:30 PM.
- ...the calendar:
  - Where do Wichitans get and spend money? February 21.
  - Do new jobs come and stay here? March 21.
  - Has the cost of living gone up too much or too fast? April 18.
  - Overview and outlook of the local economy. May 9.

# Free Market vs. Command-and-Control

- three questions:
  1. What should society produce?
  2. How to produce it? and
  3. How to distribute what society produces?

# Market economy:

- Property rights are established and protected;
- Free enterprise;
- Free competition;
- Consumer's sovereignty (independence) is respected;
- Minimum government intervention in the market.

# Milton Friedman...

- <https://www.youtube.com/watch?v=R5Gppi-O3a8>



# Command-and-Control:

- Property is owned by government;
- Government decides what should be produced;
- Government decides how goods should be produced;
- Government decides what prices should be charged for each item produced;
- Governments decides who should do what;
- Freedom ceases existing.



# How Command-and-Control worked?

- No political parties were allowed, except for the communist party, which was the ruling party;
- Property was expropriated and belonged to the government;
- Freedom of speech or expressing ideas was banned\*;
- Religious activities were banned;
- Mobility of people even from one town to another (to live and work) was impossible without government authorization;
- No private enterprise activity was allowed;
- \*Banned meant if a person was caught doing what was banned he/she would end up in prison.

# Planning committees....

Would determine:

- What goods should the economy produce (like food, clothes, defense, education, health care, etc.?).
  - Consequence: RATIONING. Many necessary items like milk, eggs, meat. Even bread was rationed. One would see waiting lines formed at shops selling these items.
- Everybody of ages from 16-65 (who was not in school) had to work. But where? The Labor Office would allocate workers among different activities, like factories, services, teachers, nurses ...and everybody else was “dumped” to agriculture sector.
  - Consequence: Very low PRODUCTIVITY. No incentives among workers to exercise their talents and skills. Coerced labor (!) not only for prisoners.

# Planning committees....

Would determine:

- Prices of goods were artificially set. It looked like there were no taxes. But it is obvious that everything belonged to the government, therefore there was no need to levy explicit taxes (they were implicit).
- Consequence: Systemic poverty.
- No free trade with countries other than those who operated under socialism.
- Countries resources were used towards defense. A system of bunkers were spread around the country.

# In 1992 ....

- country moved from Command-and-Control towards a market system.
- Communism “is the longest and most painful route from capitalism to capitalism”.

# Q & A Session

- Thank YOU!