**Text 8**

**Read and translate the text. Answer the questions.**

**Economic planning**

Economic planning**,**the process by which key economic decisions are made or influenced by central governments. It contrasts with the [laissez-faire](https://www.britannica.com/topic/laissez-faire) approach that, in its purest form, [eschews](https://www.merriam-webster.com/dictionary/eschews) any attempt to guide the economy, relying instead on[market](https://www.britannica.com/topic/market) forces to determine the speed, direction, and nature of economic evolution.

By the late 1960s the majority of the world’s countries conducted their economic affairs within the framework of a [national](https://www.britannica.com/topic/national-economy) economic plan. But in the 1980s the theory and practice of economic planning went through a crisis. In the developed market economies the rate of [economic growth](https://www.britannica.com/topic/economic-growth) slowed from the very high levels reached in the 1960s and ’70s, and unemployment rose significantly. At the same time, public confidence in the ability of governments to influence for the better the performance of the economy diminished. As a result, the popularity of national economic plans waned and the scope left to the free play of market forces widened. In developing countries, forms of economic planning practiced earlier yielded disappointing results characterized by the growth of heavy state [bureaucracies](https://www.merriam-webster.com/dictionary/bureaucracies) and inefficient public enterprises. In these countries also, although the role of the state remained preponderant, market forces were increasingly relied upon to improve economic performance. In the [Soviet Union](https://www.britannica.com/place/Soviet-Union) and its satellites, the backward state of the economy and widespread examples of waste and inefficiency led to attempts to introduce more market solutions into the process of economic planning. These attempts proved largely unsuccessful, however, and the [inherent](https://www.merriam-webster.com/dictionary/inherent) rigidity of the Soviet economic model proved an important factor in the collapse of [communism](https://www.britannica.com/topic/communism) in eastern Europe and the [Soviet Union](https://www.britannica.com/place/Soviet-Union) itself, beginning in 1989.

Historically, the idea of central economic planning was associated with the [criticism](https://www.merriam-webster.com/dictionary/criticism) of [capitalism](https://www.britannica.com/topic/capitalism) as a system of [anarchy](https://www.merriam-webster.com/dictionary/anarchy) and greed. Marxist critics did not give much thought to how the economy would be run after [capitalism](https://www.britannica.com/topic/capitalism) had been abolished; most of them professed to see no difficulty in organizing the society that would follow. When in 1917 the new Soviet government found itself the owner of all the means of [production](https://www.britannica.com/topic/production), it had no blueprint as to what to do next. The evolution of central [economic planning](https://www.britannica.com/topic/command-economy) in the Soviet Union was largely a [pragmatic](https://www.merriam-webster.com/dictionary/pragmatic) affair; methods were tried and discarded, and new ones were introduced. The decision in 1927 to undertake rapid and large-scale industrialization required the centralizing of control, since only the government could undertake the task of marshaling the productive resources of the country to achieve its ambitious aims.

In western Europe, economic planning is adapted to a diversified economic structure, a [dynamic](https://www.merriam-webster.com/dictionary/dynamic) class of business managers, and a long tradition of political and economic liberty. Consequently, although planning implies an extension of the economic responsibilities and activities of the [state](https://www.britannica.com/topic/state-sovereign-political-entity), the mainspring of economic growth remains the [private sector](https://www.britannica.com/topic/private-sector). Only rarely does the state intervene directly in the affairs of individual firms. Economic planning remains indirect and takes the form of collaboration between the public and the private sectors. Producers and consumers are free to adapt their activities to changes in market conditions and relative prices. In the 1980s there was a general trend for governments to sell state-owned enterprises to the [public](https://www.britannica.com/topic/privatization) and to reduce the extent of public [regulation](https://www.britannica.com/topic/regulation) of particular sectors, such as air transport.

**Questions:**

1. What is economic planning?
2. When was economic planning popular?
3. What were the reasons for the crisis of an economy in the 1980th?
4. Was economic planning popular in the [Soviet Union](https://www.britannica.com/place/Soviet-Union) and its satellites?
5. What was the idea of central economic planning associated with?
6. What does economic planning mean in Western countries? What does government control?