

Economics 380 A01 – Economies in Transition
Syllabus Summer 2010
MTWR: 9.30am – 11.45am
Location: Art and Design Building (AB) 2003

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Office Hours: By appointment and after class

Course Description

This course investigates why some nations are relatively rich while other nations are poor in the context of former socialist countries. Its goal is to provide you with a set of basic economic concepts for assessing the approaches offered by researchers to this question and for examining the question on your own.

Prerequisites

Microeconomic Principles (ECON 103) and Macroeconomic Principles (ECON 104)

Required Texts

1. Aslund, Anders. 2007. *How Capitalism Was Built: The Transformation of Central and Eastern Europe, Russia, and Central Asia*. Cambridge University Press.
2. McCloskey, Donald N. 1985. *The Applied Theory of Price*. Macmillan. **Available via Blackboard.**
3. Boettke, Peter J. 1993. *Why Perestroika Failed. The Politics and Economics of Socialist Transformation*. Routledge. **Relevant chapters are available via Blackboard.**
4. For additional required readings, please see the outline below. Except for the first book all required readings will be provided electronically via Blackboard.

Your grade in this class will consist of:

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|-------------------------------------|-----|
| 1. Short Quizzes | 40% |
| 2. Class participation | 5% |
| 3. Research paper idea presentation | 5% |
| 4. Research Paper | 50% |

1. The short quizzes will be based on the required readings for that session. There will be a quiz in the beginning of every session with a regular lecture (see outline below).
2. The frequency and quality of your contributions to the class will be evaluated.
3. The quality of the research paper idea you present as well as the quality of the presentation itself will be evaluated.

4. For the research paper, you are to choose a topic in the economics of transition and investigate it by applying the concepts we discussed in class. The economics of transition field is broad and you will have a lot of leeway in your choice. However, you will have to clear your topic with me by June 3. The expected length is 1500 - 2000 words (text and notes), 1 inch margins, double spaced, plus a list of references. This paper should look and read like an academic journal article; complete with an abstract, references, etc, plus a word count. The paper has to be submitted on Blackboard before 11.59pm on June 17. No extensions, no exceptions.

There is no 'extra credit'.

Grading scale:

A+	97+	B+	87-86	C+	78-76	D	68-60
A	96-90	B	85-82	C	75-72	F	<60
A-	89-88	B-	81-79	C-	71-69		

I expect all students to strictly follow the University Honor Code, which can be consulted online in the student handbook.

If you are a student with a disability and you need academic accommodations, please see me and contact the Disability Resource Center (DRC) at 703-993-2474. All academic accommodations must be arranged through that office.

Course Outline:

Session	Date	Topic	Readings	Quiz
1	17-May	Introduction	McCloskey, Donald N. 1985 chapters 1, 2, 5, 6 and 10.	No
2	18-May	Socialism in theory	Hayek, Friedrich A. 1945. "The Use of Knowledge in Society." <i>American Economic Review</i> 35(4): 519-530; von Mises, Ludwig. 1920. "Economic Calculation In The Socialist Commonwealth." pp. 2-33. Boettke, Peter J. 1993. Chapter 3.	Yes
3	19-May	Capitalism in practice	Leeson, Peter T. "Two Cheers for Capitalism." Society, forthcoming; Shleifer, Andrei. 2009. "The Age of Milton Friedman." <i>Journal of Economic Literature</i> 47(1): 123-135; North, Douglas. 1994. "Economic Performance Through Time." <i>The American Economic Review</i> 84(3): 359-368.	Yes
4	20-May	Socialism in practice	Aslund, Anders. 2007. Introduction and chapter 1; Boettke, Peter J. 1993. Chapter 4.	Yes
5	24-May	Big push vs. gradualism	Aslund, Anders. 2007. Chapter 2; Tullock, Gordon. 1967. "The Welfare Costs of Tariffs, Monopolies, and Theft." <i>Western Economic Journal</i> 5 (3): 224-232; Baumol, William J. 1990. "Entrepreneurship: Productive, Unproductive, and Destructive." <i>The Journal of Political Economy</i> 98(5): 893-921	Yes
6	25-May	Post-socialist economic permance	Aslund, Anders. 2007. Chapter 3; Shleifer, Andrei and Daniel Treisman. 2005. "A Normal Country: Russia after Communism." <i>The Journal of Economic Perspectives</i> 19(1):151-174; Kornai, Janos. 1994. "Transformational Recession: The Main Causes." <i>Journal of Comparative Economics</i> 19:39-63.	Yes
7	26-May	Political economy of reforms	Aslund, Anders. 2007. Chapter 4; Boettke, Peter J. 1993. Chapter 5; Kornai, Janos. 2000. "What the Change of System From Socialism to Capitalism Does and Does Not Mean." <i>Journal of Economic Perspectives</i> 14(1):27-42.	Yes
8	27-May	Post-socialist economic policy	Aslund, Anders. 2007. Chapter 5; Bruno, Michael and William Easterly. 1998. "Inflation crises and long-run growth." <i>Journal of Monetary Economics</i> 41: 3-26.	Yes
	31-May	Memorial Day	No class	No

9	1-Jun	Towards private property rights	Aslund, Anders. 2007. Chapter 6; Demsetz, Harold. 1967. "Toward a Theory of Property Rights." <i>The American Economic Review</i> 57(2): 347-359.	Yes
10	2-Jun	Successes, failures, and their causes	Aslund, Anders. 2007. Chapter 7; Tullock, Gordon. 1975. "The Transitional Gains Trap." <i>The Bell Journal of Economics</i> 6(2): 671-678; Kornai, Janos. 2005. "The Great Transformation of Central Eastern Europe: Success and Disappointment." <i>working paper.</i>	Yes
11	3-Jun	Democracy vs. dictatorship	Aslund, Anders. 2007. Chapter 8; Almeida, Heitor and Daniel Ferreira. 2002. "Democracy and the Variability of Economic Performance." <i>Economics and Politics</i> 14(3): 225-257; Olson, Mancur. 1993. "Dictatorship, Democracy, and Development." <i>The American Political Science Review</i> 87(3): 567-576.	Yes
12	7-Jun	Crime and the administration of justice	Aslund, Anders. 2007. Chapter 9; Benson, Bruce L. and John Baden. 1985. "The Political Economy of Governmental Corruption: The Logic of Underground Government" <i>The Journal of Legal Studies</i> 14(2): 391-410; Frye, Timothy and Andrei Shleifer. 1997. "The Invisible and the Grabbing Hand." <i>The American Economic Review</i> 87(2): 354-358; Shleifer, Andrei and Robert W. Vishny. 1993. "Corruption." <i>The Quarterly Journal of Economics</i> 108(3): 599-617.	Yes
13	8-Jun	Oligarchs and the theory of regulation	Aslund, Anders. 2007. Chapter 10; Stigler, Goerge J. 1971. "The Theory of Economic Regulation." <i>The Bell Journal of Economics and Management Science</i> 2(1): 3-21.	Yes
14	9-Jun	Research paper presentations		No
15	10-Jun	Research paper presentations		No
16	14-Jun	The perils of development aid	Aslund, Anders. 2007. Chapter 11; Easterly, William. 2009. "Can the West Save Africa?" <i>Journal of Economic Literature</i> 47(2): 373-447.	Yes
17	15-Jun	Summary	Aslund, Anders. 2007. Conclusion.	Yes
18	16-Jun	Paper workshop	No readings required.	No
20	17-Jun	Research paper due	No class	No

Note: Subject to change