

Comparative Economic Systems

Spring 2024

Economic science, one could reasonably argue, was born with an exercise in comparative systems analysis. Adam Smith contrasted what he called the “system of natural liberty” with the “Mercantilist” doctrine of his age. This was both a theoretical and empirical exercise, and it has remained as such throughout the history of our discipline. It is also a development economics exercise, as the standard against which the systems were to be judged was the impact on economic performance of the system in terms of generating economic growth and generalized prosperity. In the century after Smith, this exercise was tied up with explaining the Industrial Revolution, and eventually the growing income gap between nations. Again, this joint intellectual exercise (i.e., to compare and contrast economic systems in terms of economic performance through time) has continued through the 20th century and into the 21st. We are still asking, why are some nations rich while others are poor, and how precisely was it that nations that were once poor have become rich, and while others who were rich have now become poor. These are the questions that vex economists since the time of Adam Smith’s *An Inquiry into the Nature and Causes of the Wealth of Nations*.

As we will see, from the late 19th century to the end of the 20th century, there raged a philosophical, political, and economic debate between capitalism and socialism. This debate was of course punctuated by war, depression, and the cold war. The totalitarian experience of communism and fascism is still not fully understood in the scholarly community let alone among the general public, and it remains a vital area of research conceptually and empirically for a new generation of scholars. The geo-politics of the Cold War also saw the emergence of Development Theory and Policy, and in particular the exportation of the Development planning model to in Africa, Asia and Latin America. Ultimately, the communist experiments in East and Central Europe and the former Soviet Union collapsed, and these countries all embarked upon the transition to capitalism and democracy. These transitions, and the comparative performance of the different countries, provides another empirically relevant data set for scholars. Transition questions also bleed into the more general issue of development economics. The Development Planning model also collapsed in the 1990s, so all political and economic systems were engaged in various efforts at transformation from state control to market based social systems of exchange and production. These issues are all interconnected, as is the question of the role of ideology in shaping economic systems, including religious doctrines and other animating beliefs.

For this term, we will be focusing on what we can learn from the socialist experience for these more general questions of economics, political economy and social philosophy. The greatest social

experiment of the 20th century was also arguably the greatest failure of the 20th century, and that should have deep and lasting lessons for scholars concerned with the human condition. But, as I will try to argue, there were methodological and analytical issues in economics and political economy that served to confuse scientific inquiry on the nature and significance of the socialist experiment. Economics and political economy during this period was derailed by a combination excessive formalism and excessive aggregation which worked to hide from analytical view economics processes and institutions. In addition, the experience of the Great Depression resulted in a loss of faith in market forces to self-correct, and an optimism for state control born of war-time planning (WWI and WWII) and counter-cyclical policies (Keynesianism) produced a strong prior among economists that government was the corrective to social ills. Paul Samuelson in the first edition of his famous textbook, *Economics* (1948) argued that men of good will naturally turn to government to solve social problems, and the ‘New Economics’ that he was so instrumental in developing (aggregate demand management macroeconomics and economic regulation to address market failures in microeconomics) would be the guide in that use of government as a corrective. That same Paul Samuelson in edition after edition, predicted that the Soviet Union would outperform the US economy in the very near term – he maintained that prediction all the way up to the late 1980s as the communist governments in east and central Europe and the former Soviet Union collapsed. The alliance between statism and scientism conspired to kill scientific inquiry.

As Einstein (1926) once put it: “Whether you can observe a thing or not depends on the theory which you use. It is theory which decides what can be observed.” The version of economic ‘science’ as it evolved in the 20th century was simply ill-equipped to do the job required to understand the most dramatic social experiment before their eyes. Sad enough as that failure was, the evolved “New Economics” brought with it a strange form of economic determinism that pushed to the sidelines the role of beliefs and ideologies; institutions and incentives; and ultimately the very subject of study – the human endeavor to pursue productive specialization and realize peaceful social cooperation. Hopefully, these critical issues will be reflected in the sustained conversation we are all about to engage in for the next few months.

A Note about the course readings

I am going to divide the readings into *required*, *expected*, *recommended*, and finally *prudent* if you plan on taking the institutions/development field as one of your areas of research and teaching concentration. *Required Readings* are Don Lavoie’s *Rivalry and Central Planning* (1985), Stefan Voigt’s *Institutional Economics* (2019), Bryan Cheang and Tom Palmer’s *Institutions and Economic Development* (2023) and Matthew Mitchell and Peter Boettke’s *Applied Mainline Economics* (2017). *Expected Readings* will include my books on the history, collapse and transition from socialism to capitalism in the former Soviet Union: *The Political Economy of Soviet Socialism* (1990); *Why Perestroika Failed* (1993); *Calculation & Coordination* (2001); *Living Economics* (2012); and – *The Struggle for a Better World* (2021). Also, my two recent books with Matthew Mitchell and Konstantin Zhukov: *The Road to Socialism and Back* (2023a) and *The Road to Freedom* (2023b). These books are respectively about Poland and Estonia and their tragic history and ultimately triumphant against the totalitarian control of their economic, political, and social life. These books are part of a broader educational initiative of the Fraser Institute in Canada – ‘The Realities of Socialism’. These books will be available in pdf on BlackBoard.

Recommended Readings provided each week will come in the form of your weekly articles for discussion (you will be required to write up summaries), and books as well as artistic representations in film and novels. I hope you will take advantage of these suggestions to get a glimpse into Soviet life as it was lived. At a minimum, please take the time to use Google, or ChatGPT to familiarize yourself with the books, novels, and movies. I have through the years taught economics through literature and in doing so I have claimed that good journalism is supposed to provide facts, but not necessarily truth, and great novelists capture truth, but not necessarily facts ... BUT scholars, if they are any good, are both *factual* and *truthful* in their work. When scholarship gets derailed, it is often the artists and dissenters that compel us to see the truth of the reality we are studying through fictional novels, plays and poems, in painting, in music, and in film. This was sadly the situation for most of the history of the socialist experience, and the Soviet reality in particular.

Scholarship and science in the Soviet Union was corrupted, freedom of thought in journalism was nonexistent, and artistic expression was suppressed and dissenters actively oppressed. The Gulag was real and horrific, as was the use of psychiatric hospitals to silence political opposition, and tortuous KGB interrogations at 2 Bolshaya Lubyanka Street. But a *samizdat* culture emerged to give voice to reason, and émigré populations told the truth of the reality of Soviet life to all who would listen. **Empirically responsible social science demands we find ways to listen to these voices and incorporate what they have to say into our analysis.** That represents a methodological and analytical project that positivist and formalist agendas in economics and political economy have been unable to pursue persistently, consistently and productively. When Deirdre McCloskey discusses *Bettering Humanonomics* (2022) this is to a significant extent what she is talking about – not only making economic scientists, and with that economic science, more compatible with the humanities, but also more worthy of being deemed a *science* at all. The alternative is to keep practicing what Richard Feynman dubbed as “cargo cult” ‘science’, and for economists to actually become what F. A. Hayek warned about in his Nobel lecture “The Pretense of Knowledge” – that is for economics to be practiced as a corrupt enterprise populated by charlatans who in their misuse of the power that has been publicly entrusted to them become tyrants over their fellow citizens and potential destroyers of the very civilization upon which the wealth (and scientific and artistic achievement) of nations has been built. **Methodology matters in the social sciences, and so do the analytical tools we choose to work with – as these issues determine not only the questions we as scientists and scholars consider worth asking, but also the answers we find persuasive, and the tools we deem acceptable in our exploratory efforts.**

Finally, at the end of this syllabus I have a list of articles, mainly published in the *JEL*, that it would be *Prudent* to read if you plan on taking the field exam in institutions/development field as they reflect the mainstream state of play in the scientific literature.

The semester schedule is as follows:

Week 1: January 17, 2024

Topic: Understanding Comparative Economic Systems

Readings:

1. Required Reading
 - a. Lavoie, introduction
 - b. Voigt, introduction and chapters 1 & 6
 - c. Cheang and Palmer, chapter 1
 - d. Mitchell and Boettke, chapters 1-2
2. Expected Reading
 - a. Boettke (1990, foreword and introduction); (1993, introduction); (2001, introduction and chapter 1); (2012, chapter 4)
 - b. Boettke, Mitchell and Zhukov (2023, chapter 1)
 - c. Mitchell, Boettke and Zhukov (2023, introduction)
3. Recommended Reading
 - A. Weekly Articles for Discussion
 - a. Alain Besancon, "Anatomy of a Spectre," *Survey* 25 (4) 1980.
 - b. David Conn, "Economic Theory and Comparative Economic Systems," *Journal of Comparative Economics*, 2 (4) 1978.
 - c. Daron Acemoglu, "Theory, General Equilibrium, and Political Economy in Development Economics," *Journal of Economic Perspectives* 24 (3) 2010.
 - B. Book recommendations
 - a. Orlando Figes, *A People's Tragedy*. Penguin, 1998.
 - b. Stéphane Courtois et al, *The Black Book of Communism*. Harvard University Press, 1999.
 - c. Steven Rosefielde, *Red Holocaust*. Routledge, 2009.
 - C. Artistic Representation
 - a. George Orwell, *1984*. Secker and Warburg, 1949.
 - b. *Reds* (1981) directed by Warren Beatty

Week 2: January 24, 2024

Topic: Marxism and the Soviet Experience

Readings:

1. Required Reading
 - a. Lavoie, chapter 2
 - b. Cheang and Palmer, chapter 2

- c. Mitchell and Boettke, chapter 2
- 2. Expected Reading
 - a. Boettke (1990, chapters 1-2); (2001, chapters 6-7); (2012, chapter 6)
 - b. Boettke, Mitchell and Zhukov (2023, chapter 2)
 - c. Mitchell, Boettke and Zhukov (2023, chapters 1-3)
- 3. Recommended
 - A. Weekly Articles for Discussion
 - a. Alec Nove. "Review of *The Economic Organization of War Communism*," *Economic History Review* (August) 1987.
 - b. P. Magness and M. Makovi, "The Mainstreaming of Marx," *Journal of Political Economy*, 131 (June) 2023.
 - B. Book recommendations
 - a. N. Bukharin and E. Preobrazhensky. *The ABC of Communism* (1919). Communist Party of Great Britain, 1922.
 - b. Paul Craig Roberts and Matthew Stephenson, *Marx's Theory of Exchange, Alienation and Crisis*. Hoover Institution Press, 1973.
 - c. Paul Craig Roberts, *Alienation and the Soviet Economy*. University of New Mexico Press, 1971.
 - d. Boris Brutzkus, *Economic Planning in Soviet Russia*. Routledge 1935.
 - e. Silvana Malle, *The Economic Organization of War Communism 1918-1921*. Cambridge University Press, 1985.
 - C. Artistic Representation
 - a. Ayn Rand, *We the Living*. Macmillan, 1936, film adaptation 1942.

Week 3: January 31, 2024

Topic: The Grand Debate in Comparative Economic Systems

Readings:

- 1. Required Reading
 - a. Lavoie, chapters 3-5
 - b. Voigt, chapters 2-3
 - c. Cheang and Palmer, chapters 3-4
 - d. Mitchell and Boettke, chapter 3
- 2. Expected Reading
 - a. Boettke (2001, chapters 2-3); (2012, chapters 15-16)
 - b. Boettke, Mitchell and Zhukov (2023, chapters 1-2)
 - c. Mitchell, Boettke and Zhukov (2023, chapters 3-4)
- 3. Recommended
 - A. Weekly Articles for Discussion

- a. Ludwig von Mises, “Economic Calculation in the Socialist Commonwealth,” 1920, reprinted in Hayek, ed., *Collectivist Economic Planning*, 1935. Also see Hayek’s introduction and conclusion to the volume.
 - b. F. A. Hayek, “The Competitive Solution,” 1940, reprinted in F. A. Hayek, *Individualism and Economic Order*. University of Chicago Press, 1948.
- B. Book recommendation
 - a. Ludwig Mises. *Socialism: An Economic and Sociological Analysis* (1922) Liberty Fund, 1981.
 - b. F. A. Hayek. *The Road to Serfdom*. University of Chicago Press, 1944.
- C. Artistic Representation
 - a. George Orwell, *Animal Farm*, Secker & Warburg, 1945.

Week 4: February 7, 2024

Topic: The New Economic Policy and the Dynamics of Intervention

Readings:

1. Required Reading
 - a. Lavoie, chapters 3 & 6
 - b. Voigt, chapter 4
 - c. Cheang and Palmer, chapters 3-4
 - d. Mitchell and Boettke, chapters 4-5
2. Expected Reading
 - a. Boettke (1990, chapter 4); (2001, chapter 9); (2012, chapters 8-9; 17-18)
3. Recommended
 - A. Weekly Articles for Discussion
 - a. N. Bukharin, “Concerning the New Economic Policy and Our Tasks,” (1925), reprinted in *Selected Writings on the State and the Transition of Socialism*. M. E. Sharpe, 1982.
 - b. V. N. Bandera. “The New Economic Policy (NEP) as an Economic System,” *Journal of Political Economy* 71 (June) 1963.
 - B. Book recommendation
 - a. Alec Nove, *An Economic History of the USSR*. Penguin, 1969, chapters 4-6.
 - C. Artistic Representation
 - a. Boris Pasternak, *Doctor Zhivago*. Pantheon 1957. Film adaptation 1965.

Week 5: February 14, 2024

Topic: Stalinism and the Logic of Socialist Planning

Readings:

1. Required Reading
 - a. Voigt, chapter 4
 - b. Mitchell and Boettke, chapter 5
2. Expected Reading
 - a. Boettke (1990, chapter 5); (2001, chapter 4)
 - b. Boettke, Mitchell and Zhukov (2023, chapter 2)
 - c. Mitchell, Boettke and Zhukov (2023, chapters 2-3)
3. Recommended
 - A. Weekly Articles for Discussion
 - a. R. W. Davies and S. G. Wheatcroft, "Further Thoughts on the First Five Year Plan," *Slavic Review* 34 (4) 1975.
 - b. Paul Gregory and Mark Harrison, "Allocation Under Dictatorship: Research in Stalin's Archives," *Journal of Economic Literature*, 43 (3) 2005.
 - c. Natalya Naumenko, "The Political Economy of Famine," *Journal of Economic History*, 81 (1) 2021.
 - B. Book recommendations
 - a. Robert Conquest, *The Great Terror*. Oxford University Press, 1968.
 - b. Robert Conquest, *The Harvest of Sorrow*. Oxford University Press, 1986.
 - C. Artistic Representation
 - a. Mr. Jones (2019) directed by Agnieszka Holland.
 - b. Arthur Koestler, *Darkness at Noon*. Scribner, 1940.

Week 6: February 21, 2024

Topic: Stalinism and the Rent Seeking Society

Readings:

1. Required Reading
 - a. Voigt, chapters 4-6
 - b. Cheang and Palmer, chapters 3-4
 - c. Mitchell and Boettke, chapter 5
2. Expected Reading
 - a. Boettke (1993, chapter 4), (2001, chapters 5, 8 & 10)
3. Recommended
 - A. Weekly Articles for Discussion

- a. Joseph Berliner, "The Informal Organization of the Soviet Firm," *Quarterly Journal of Economics* 66 (3) 1952.
- b. Paul Gregory, "The Stalinist Command Economy," *Annals of the American Academy of Political and Social Science*, 507 (1) 1990.
- c. Mark Harrison and Byung-Yeon Kim, "Plans, Prices and Corruption," *Journal of Economic History* 66 (1) 2006.

B. Book recommendation

- a. Paul Gregory, *The Political Economy of Stalinism*. Cambridge, 2003.
- b. Yuri Slezkine. *The House of Government*. Princeton University Press, 2017.

C. Artistic Representation

- a. The Inner Circle (1991) directed by Andrey Konchalovskiy
- b. The Death of Stalin (2017) directed by Armando Iannucci

Week 7: February 28, 2024

Topic: The Post Stalin Treadmill of Economic Reforms

Readings:

1. Required Reading

- a. Voigt, chapter 6
- b. Cheang and Palmer, chapters 3-4
- c. Mitchell and Boettke, chapters 4-5

2. Expected Reading

- a. Boettke (1993, chapters 5-6); (2012, chapters 5-6; 19)

3. Recommended

A. Weekly Articles for Discussion

- a. J. M. Montias, "Planning with Material Balances in Soviet-Type Economies," *American Economic Review* 49 (5) 1959.
- b. Gregory Grossman, "Notes for a Theory of the Command Economy," *Soviet Studies* 15 (2) 1963.
- c. Gertrude Schroeder, "Economic Reform of Socialism: The Soviet Record," *Annals of the American Academy of Political and Social Science*, 507 (1) 1990.
- d. Roy Gardner, "L. V. Kantorovich: The Price Implications of Optimal Planning," *Journal of Economic Literature* 28 (June) 1990.

B. Book recommendation

- a. Ed Hewett, *Reforming the Soviet Economy*. Brookings Institution, 1988.

C. Artistic Representation

- a. Francis Spufford, *Red Plenty*. Faber, 2010.

Week 8: March 13, 2024

Topic: Measuring Soviet Economic Performance

Readings:

1. Required Reading
 - a. Voigt, chapter 5
 - b. Cheang and Palmer, chapter 1
 - c. Mitchell and Boettke, chapter 1, especially p. 11ff.
2. Expected Reading
 - a. Boettke (1993, chapter 2, especially p. 21ff.); (2012, chapter 1)
 - b. Boettke, Mitchell and Zhukov (2023, chapter 2)
 - c. Mitchell, Boettke and Zhukov (2023, chapter 4)
3. Recommended
 - A. Weekly Articles for Discussion
 - a. Igor Birman, "The Financial Crisis in the USSR," *Soviet Studies* 32 (1) 1980.
 - b. Mark Harrison, "Soviet Economic Growth Since 1928: The Alternative Statistics of G. Khanin," *Europe-Asia Studies* 45 (1) 1993.
 - c. David Levy and Sandra Peart, "G. Warren Nutter's 'Traveler's Tale of the Soviet Economy: A Witness to the Actual World,'" *Review of Austrian Economics* 28 (4) 2015.
 - B. Book recommendation
 - a. G. Warren Nutter, *Growth of Industrial Production in the Soviet Union*. Princeton, 1962.
 - b. Robert C. Allen, *Farm to Factory: A Reinterpretation of the Soviet Industrial Revolution*. Princeton, 2003.
 - C. Artistic Representation
 - a. *Moscow Doesn't Believe in Tears* (1981) directed by Vladimir Menshov

Week 9: March 20, 2024

Topic: The Consequences of Living the Lie

Readings:

1. Required Reading
 - a. Voigt, chapters 7-8
 - b. Cheang and Palmer, chapter 5
 - c. Mitchell and Boettke, chapter 4

2. Expected Reading
 - a. Boettke (1993, chapters 3-5)
 - b. Mitchell, Boettke and Zhukov (2023, chapter 5)
3. Recommended
 - A. Weekly Articles for Discussion
 - a. Timur Kuran, "The East European Revolution of 1989: Is it Surprising that We Were Surprised?," *American Economic Review* 81 (2) 1991.
 - b. Robert Frank, "The Political Economy of Preference Falsification," *Journal of Economic Literature* 34 (1) 1996.
 - B. Book recommendation
 - a. Orlando Figes, *Whisperers*. Metropolitan Books, 2007.
 - C. Artistic Representation
 - a. The Lives of Others (2006) directed by Florian Henckel von Donnersmarck

Week 10: March 27, 2023

Topic: Puzzles and Paradoxes of Perestroika

Readings:

1. Required Reading
 - a. Lavoie, chapters 6-7
 - b. Voigt, chapters 6-7
 - c. Cheang and Palmer, chapters 4-5
 - d. Mitchell and Boettke, chapters 3-5
2. Expected Reading
 - a. Boettke (1993, chapters 1, 2 & 7); (2012, chapters 10-11)
 - b. Boettke, Mitchell and Zhukov (2023, chapters 3-7)
 - c. Mitchell, Boettke and Zhukov (2023, chapter 6)
3. Recommended
 - A. Weekly Articles for Discussion
 - a. Janos Kornai, "The Affinity Between Ownership Forms and Coordination Mechanisms," *Journal of Economic Perspectives* 4 (3) 1990.
 - b. Robert Tollison and Richard Wagner, "Romance, Realism and Economic Reform," *Kyklos* 44 (1) 1991.
 - B. Book recommendation
 - a. Janos Kornai, *The Road to a Free Economy*. Norton, 1990.
 - C. Artistic Representation
 - a. PBS documentary 'The Commanding Heights' released in 2002.

Week 11: April 3, 2024

Topic: Politics and Privatization

Readings:

1. Required Reading
 - a. Voigt, chapters 8-9
 - b. Mitchell and Boettke, chapter 5
2. Expected Reading
 - a. Boettke (1993, chapters 2, 5, 7 & 8), (2001, chapters 13-14), (2021, chapters 1-2)
3. Recommended
 - A. Weekly Articles for Discussion
 - a. Michael Alexeev, Clifford Gaddy and James Leitzel, "Economic Crime and Russian Reform," *Journal of Institutional and Theoretical Economics* 151 (4) 1995.
 - b. Timothy Frye and Andrei Shleifer, "The Invisible Hand and the Grabbing Hand," *American Economic Review* 87 (2) 1997.
 - c. Timothy Frye, "Credible Commitment and Property Rights," *American Political Science Review* 98 (August) 2004.
 - B. Book recommendation
 - a. Maxim Boycko and Andrei Shleifer, *Privatizing Russia*. MIT, 1995.
 - b. Timothy Frye, *Property Rights and Property Wrongs*. Cambridge University Press, 2017.
 - C. Artistic Representation
 - a. History Channel Documentary on Organized Crime The Russian Mafia

Week 12: April 10, 2024

Topic: The More Things Change the More They Stay the Same

Readings:

1. Required Reading
 - a. Mitchell and Boettke, chapter 5
2. Expected Reading
 - a. Boettke (2001, chapters 11-12); Boettke (2021, chapters 4-6, 16)
3. Recommended
 - A. Weekly Articles for Discussion
 - a. Michael Alexeev, "Review of *Russia's Crony Capitalism*," *Journal of Economic Literature* 59 (1) 2021.

- b. Clifford Gaddy and Barry Ickes, “Russia’s Virtual Economy,” *Foreign Affairs* 77 (Sept/Oct) 1998.
 - c. Clifford Gaddy and Barry Ickes, “The Russian Economy Through 2020: The Challenge of Managing Rent Addiction,” in Maria Lipman and Nikolay Petrov, eds., *Russia in 2020: Scenarios for the Future*. Carnegie Endowment for International Peace, 2011.
- B. Book recommendation
 - a. Clifford Gaddy, *The Price of the Past: Russia’s Struggle with the Legacy of a Militarized Economy*. Brookings Institution, 1996.
 - b. Clifford Gaddy and Barry Ickes, *Russia’s Virtual Economy*. Brookings Institution, 2002.
 - c. Anders Aslund, *Russia’s Crony Capitalism*. Yale University Press, 2019.
- C. Artistic Representation
 - a. Chernobyl HBO series released 2019
 - b. Putin’s Way Frontline PBS Documentary 2015

Week 13: April 17, 2023

Topic: General Lessons for Economic Development

Readings:

1. Required Reading
 - a. Voigt, chapter 5
 - b. Cheang and Palmer, chapter 1
 - c. Mitchell and Boettke, chapters 1 & 6
2. Expected Reading
 - a. Boettke (2001, chapter 14 & 16, appendix 1 & 2); (2012, chapters 20-21); (2021, chapter 7, 14 & 15)
 - b. Boettke, Mitchell and Zhukov (2023, conclusion)
 - c. Mitchell, Boettke and Zhukov (2023, conclusion)
3. Recommended
 - A. Weekly Articles for Discussion
 - a. Barry Weingast, “The Economic Role of Political Institutions: Market Preserving Federalism and Economic Development,” *Journal of Law, Economics and Organization* 11 (1) 1995.
 - b. Daron Acemoglu and James Robinson, “Weak, Despotism, or Inclusive? How State Type Emerges from State Versus Civil Society Competition,” *American Political Science Review* (2022)
 - c. William Easterly, “Progress By Consent: Adam Smith as Development Economist,” *Review of Austrian Economics* 34 (2) 2021.

B. Book recommendation

- a. William Easterly, *The Tyranny of Experts*. Basic Books, 2014.

C. Artistic Representation

- a. *The Gods Must Be Crazy* (1982) directed by Jamie Uys
- b. *Poverty Inc.* (2014) directed by Michael Matheson Miller

Week 14: April 24, 2023

Topic: Where is the argument for socialism today?

Readings:

1. Required Reading

- a. Cheang and Palmer, chapter 5
- b. Mitchell and Boettke, chapter 6

2. Expected Reading

- a. Boettke (1990, conclusion), (1993, chapter 8), (2012, chapters 2 & 22); (2021, introduction, chapters 7, 10-14, conclusion)

3. Recommended

A. Weekly Articles for Discussion

- a. Oskar Lange, "The Computer and the Market," in C. H. Feinstein ed., *Socialism, Capitalism and Economic Growth*. Cambridge University Press, 1967.
- b. Andrei Shleifer and Robert Vishny, "The Politics of Market Socialism," *Journal of Economic Perspectives* 8 (2) 1994.
- c. Symposium in *Journal of Economic Organization and Behavior* on 'Modern Computing and the Economic Calculation Debate', published in 2023, including my paper with Rosolino Candela, "On the feasibility of technosocialism," *JEBO* Vol. 205 (January 2023): 44-54.

B. Book recommendation

- a. Deirdre McCloskey, *Why Liberalism Works*. Yale, 2019.
- b. Geoffrey Hodgson, *Is Socialism Feasible?* Elgar, 2019.
- c. Geoffrey Hodgson, *Liberal Solidarity*. Elgar, 2021.

C. Artistic Representation

- a. Ayn Rand, *Atlas Shrugged*. Random House, 1957, film adaptation 2011, 2012, 2014.

Course Objectives & Grading

Upon completion of this course, you will:

- Understand the foundations of Comparative Economic Systems analysis
- Understand the major strands of academic literature in Comparative Economic Systems
- Be able to synthesize existing ideas in the field of Comparative Economic Systems and build on these ideas to generate novel contributions to this literature
- For MA students – be able to apply the core concepts in the field of Comparative Economic Systems to current events
- For PhD students - be able to write academic papers in the field of Comparative Economic Systems suitable for peer review

To meet these objectives, students will be tasked with (1) completing all the assigned reading, including individual presentations of the weekly reading, (2) active participation in classroom discussions, and (3) complete all 6 writing assignments. Participation will constitute 40% of grade, written assignments another 60% your grade.

Office Hours

My assistant is Meredith Hutchens, and you can communicate with her through email at: mhutchens@mercatus.gmu.edu to set up appointments. We can meet either in-person or virtually. I want to encourage you to seek out to discuss class material and research questions with me throughout the term so we will do everything to lower your costs in doing so within the constraints of my scheduling commitments and responsibilities. Please take advantage of this.

POLICY REGARDING AUDIO/VIDEO RECORDING & PICTURES:

For the privacy and comfort of your fellow students, audio and video recordings, as well as photography, is strictly prohibited during class.

Some remarks on additional readings

My original work in economics and political economy was in the field of comparative economic systems and economic development. I have already shared with you my books in this field from my first book in 1990 to 2 books just published in 2023. I also edited a collection, *The Collapse of Development Planning* (NYU, 1994) that discusses the general issue of development theory and policy through various case studies.

In addition, I have edited two reference collections, the first is a 9 volume reference work of reprints of the classic works in the field of comparative economic systems over the course of the 20th century. It was published at *Socialism and the Market*, Vol. 1-9 by Routledge in 2000. A list of the works included in the volume can be found here ... <https://econfaculty.gmu.edu/pboettke/pubs/1%20Books%20and%20Monographs/Edited%20books/socialist.htm> This is a library reference collection and absurdly expensive, but this contents

list gives you the location of all the papers and the titles of the books that were reprinted. You can also find my introduction to that collection on SSRN ... https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2619448

I also more recently published with Paul Dragos Aligica in 2018 under the title – *Comparative Economic Systems* and you can find the table of contents here ... <https://www.e-elgar.com/shop/usd/comparative-economic-systems-9781786431660.html> Again, this is a library reference volume.

Reading the articles in these collections will give you a fairly comprehensive overview of the entire field of research. However, it must be acknowledged that as the field of comparative systems morphed into the broader field of development economics, there are pieces that are extremely valuable that are not included in those volumes. As you seek mastery in the field and an up-to-date assessment of the literature, you would do well to read not only in the specialized journals, such a *Journal of Comparative Economics* (edited by Timur Kuran), but more general interest journals in economics and political science. The following would be some of the suggested pieces with an emphasis on those published in the JEL:

Overview of the issues in comparative economics

Heilbroner. 1990. “Analysis and Vision in the History of Modern Economic Thought.” *JEL*

Caldwell. 1997. “Hayek and Socialism,” *JEL*

Shleifer. 2009. “The Age of Milton Friedman,” *JEL*

Xu. 2017. “Capitalism and Socialism,” *JEL*

Easterly. 2019. “Review of *The Great Leveler*,” *JEL*

Caldwell. 2020. “*The Road to Serfdom* After 75 Years,” *JEL*

Spolaore. 2020. “Commanding Nature By Obeying Her: Review of Mokyr’s *A Culture of Growth*,” *JEL*

Guriev. 2022. “The Political Economy of Populism,” *JEL*

Hadfield. 2022. “Legal Markets,” *JEL*

Wallis. 2022. “An alternative institutional approach to rules, organizations and development,” *JEH* 82 (2)

Methodological issues

North. 1978. “Structure and Performance,” *JEL*

Besley. 2007. “The New Political Economy,” *EJ* (Keynes Lecture to Royal Society)

Deaton and Cartwright. 2018. “Understanding and Misunderstanding Randomized Controlled Trials,” *Social Science & Medicine* is required reading given the prevalence of RCTs in development economics at the moment

Ruhm. 2019. “Shackling the Identification Police?,” *SEJ* (Presidential Address to SEA)

Johson. 2020. “Where Economics Went Wrong,” *JEL*

Akerlof. 2020. “Sins of Omission and the Practice of Economics,” *JEL*

Abadie. 2021. “Using Synthetic Controls,” *JEL*

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*R. C. Allen’s *From Farm to Factory: A Reinterpretation of the Soviet Industrial Revolution* (Princeton, 2003) is probably required reading to check the interpretation of Soviet economic performance that you will glean from my works.

*On post communist reforms in the Soviet system the work of Anders Aslund provides wide overview, and the works of Andrei Shleifer and his various co-authors I have found provide the most analytically and empirically careful analysis of the issues.

Also see:

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I would also add that there are a few major works you should familiarize yourself with as you develop an expertise in this field: Daron Acemoglu and James Robinson’s *The Narrow Corridor* (2019); Timur Kuran’s *The Long Divergence* (2010) and *Freedom Delayed* (2023); Deirdre McCloskey’s, *The Bourgeois Era* (2006; 2010; 2016); Joel Mokyr’s *A Culture of Growth* (2018); William Easterly’s *Paternalists versus Liberals in Economic Development (1776-2023)* (forthcoming); and Mark Koyam and Jared Rubin’s *How the World Became Rich* (2022). Reading these and the references therein will give you a good command of the state of the art in comparative political economy and economic development.

*Additional note – along with Timur Kuran, I edit the book series ‘Cambridge Studies in Economics, Choice and Society’ and the books in the series tend to be comparative historical political economy so I would highly recommend you look through the titles ...

<https://www.cambridge.org/core/series/cambridge-studies-in-economics-choice-and-society/097F340A40F23A8A153BA2D554DF4DA2>