

Econ 380/Summer 2021 Session D

(5/17/21-7/24/21)

T-Th 10:30-12:35

Synchronous Online

Professors Peter Boettke and Konstantin Zhukov

Office Hours: By appointment with Mr. Zhukov

Political economists stress the technical economic principles that one must understand in order to assess alternative arrangements for promoting peaceful cooperation and productive specialization among free men. Yet political economists go further and frankly try to bring out into the open the philosophical issues that necessarily underlie all discussions of the appropriate functions of government and all proposed economic policy measures.

James M. Buchanan

Course Description

Throughout the 20th century the “Big” political and economic debate was between capitalism and socialism. The intellectual challenge to capitalism dates much further back in time, and the specific socialist challenge to the capitalist system dates to the 19th century and was most developed in the works of Karl Marx. But in the 20th century, those ideas were translated into public policy in one form or another throughout the world. At one point $\frac{3}{4}$ of the world population existed under communist and socialist rule. But these socialist political and economic systems began to fall apart in the 1970s-1980s and most collapsed in the late 1980s, and early 1990s.

Since that time, comparative analysis of political-economic systems has moved from the debate between socialism and capitalism to an examination of the political economy of transitioning societies from forms of socialism to new forms of capitalism. Along the way, the transitions have had many ups and downs. We now are focused on studying not only the former socialist economies, but the failed and weak states of Africa, Middle East, and Latin America, as well as the newly emerging economies of East Asia, and the newly opened economies of India and China.

Since 2008, we must now also deal with the causes and consequences of the global financial crisis and the vulnerabilities it exposed in the Western democratic systems of Europe and North America. The current generation of economic commentators is now also addressing the political, economic and social consequences of inequality and social divisions. And each of these areas of concern were heightened, not lessened, during the Covid-19 global pandemic of 2020 and continuing into 2021.

During the course of this class, it our hope to give you an analytical framework for assessing economic systems and these pressing issues of public policy, as well as provide some historical context to the various theoretical debates, and some basic empirical results that cannot be ignored if intellectual progress is going to be made in our understanding of the political and economic reality of our time.

Economics as a scientific discipline strives to provide objective knowledge about human decision-making and the organization of human activities. Based on the core teachings of economics we will branch out to more nuanced discussions of alternative institutional arrangements, and eventually to the underlying philosophical positions in discussing peaceful cooperation and productive specialization within an economic system. It is our goal as teachers during this condensed class to limit the material to the essentials and to demonstrate to you not only the vital importance of the material but the sheer pleasure involved in ‘finding things out’.

Readings for the Class

Heyne, P., Boettke P., and Prychitko, D. *The Economic Way of Thinking (13th Edition)*. Pearson, 2014. [hereafter EWT]

Mitchell, M. and Boettke, P. *Applied Mainline Economics: Bridging the Gap Between Theory and Public Policy*. Mercatus Center, 2017. [hereafter AME]

Discussion Papers: located under course material on Blackboard

Class Schedule

Date	Topic	Reading
5-18-21	Introduction to Course and The Economic Way of Thinking Assignment 1: Write a paragraph discussing your interests, and what you hope to get out of the class. Due May 20	EWT, 1-2 AME, 1-2
5-20-21	Discussion: Development and Property Rights Assignment 2 due May 25	Boettke and Candela (2014) Development and Property Rights, <i>Encyclopedia of Law and Economics</i>
5-25-21	The Coordination of Economic Activities Through the Price System	EWT, 3-5; 7-9 AME, 3
5-27-21	Discussion: Market Process Theory Assignment 3 due June 1	Boettke and Sautet (2011) The Genius of Mises and the Brilliance of Kirzner, <i>The Annual Proceedings of the Wealth and Well-Being of Nations</i> .
6-1-21	Unintended Consequences and the Economic Role of Government	EWT, 6, 9, 12 AME, 5
6-3-21	Discussion: Politics, Predation and Political Economy	Boettke and Candela (2019) Productive Specialization, Peaceful Cooperation and the

	Assignment 4 due June 8	Problem of the Predatory State, <i>Public Choice</i> .
6-8-21	The Problem of Economic Calculation	EWI, 7, 10, 11 and pp. 106-109
	Assignment 5 due June 10	
6-10-21	Discuss: The Socialist Calculation Debate	Boettke (2000) Towards a History of the Theory of Socialist Planning, <i>Socialism and the Market</i> , 9 volumes.
	Review for Mid-Term Exam	
6-15-21	Mid-Term	
6-17-21	Discuss: The Soviet Experience with Socialism	Boettke (2017) A Legacy of Lies and Lost Souls, <i>The Independent Review</i> .
	Assignment 6 due June 22	
6-22-21	Institutional Problems Demand Institutional Solutions	EWI, 11, 13, 15 AME, 4
6-24-21	Discuss: Political Economy of Transitions	Boettke (2009) Institutional Transition and the Problem of Credible Commitment, <i>Annual Proceedings on the Wealth and Well-Being of Nations</i> .
	Assignment 7 due July 1	
6-29-21	Credibility, Incentives, and Economic Performance	EWI, 15
7-1-21	Discuss: Socialist Reality and the Puzzles of Political Economy	Boettke (2019) Property, Predation and Socialist Reality, <i>Journal of Institutional Economics</i> .
	Assignment 8 due July 6	
7-6-21	International Trade and Economic Development	EWI, 16
7-8-21	Discuss: Has Globalization Been Good for the Poor?	Boettke and Candela (2017) The Liberty of Progress, <i>Social Philosophy and Policy</i> .
	Assignment 9 due July 13	
7-13-21	What About the Global Financial Crisis?	EWI, 14
7-15-21	Discuss: The Great Reset	Boettke and Powell (2021) The Political Economy of Covid-19, <i>Southern Economic Journal</i> .
	Assignment 10 due July 20	
7-20-21	Where Does the Grand Debate in Political Economy Stand Today?	EWI, postscript AME, 6
7-22-21	Review for Final Exam	
7-23-21	FINAL EXAM	

Course Objectives and Grading

Upon completion of this course, you will:

- Understand the foundational issues involved in the analysis of comparative economic and political systems

- Understand the major debates that have motivated the literature in comparative economic and political systems
- Be able to synthesize the theoretical arguments and empirical evidence to contribute to the ongoing conversation about comparative economic and political systems

Course grade will be determined on the basis of 10 written assignments and 2 exams – a mid-term on 06-15-2021 and a final on 07-23-21. All will be equally weighted. Given the condensed nature of the class, attendance is essential throughout the term. Do not fall behind on the reading and writing assignments as you will never be able to catch up. Also, there will be an *optional* discussion board for each of the discussion papers that you can ask questions or pursue lines of critical inquiry that were not covered in the class discussion with Mr. Zhukov.