

Econ 380 – A01
Summer 2022
Economies in Transition
(5/23/22-6/25/22)
M-Th 10.30 – 12.35

Konstantin Zhukov
George Mason University
kzhukov@gmu.edu

1. Course Description

The primary purpose of the course is to introduce students to an economic way of thinking about different facets of economies in transition. Economies in transition narrowly refer to the post-Soviet economies in 1990s that have transferred, or have at least attempted to transfer, from socialist economic structures to market-oriented systems. In a broader sense, economies in transition pertain to the evaluation of altering economic structures, and how any given state moves from one condition to another. Hence throughout the course the students will learn fundamentals of any economic order, e.g. scarcity, tradeoffs, incentives, information, and their relationship to institutions that ultimately supply alternative economic outcomes across time and space. Indeed, the importance of institutions like private property and the price system will be illustrated through the discussion of former socialist economies (i.e. Poland and Estonia) that have improved dramatically since the collapse of the Berlin Wall. While other related considerations, specifically privatization and the problem of the credible commitment, will similarly undergo scrutiny during the class lectures and discussions.

2. Materials

Reading materials for each session will be provided via Blackboard. It is your responsibility to stay up-to-date with the readings. Given the strict timeline of the summer class schedule, timeliness with the material is critical to success in the course. Moreover, it will also be helpful for participation in class discussions, completing weekly writing assignments, and preparation for exams. The instructor reserves the right to change assigned readings per circumstances.

3. Composition of Course Grade

Course grade consists of the following:

<u>Attendance/Discussion Participation:</u>	20%
<u>Weekly Assignments:</u>	20%
<u>Midterm Exam:</u>	30%
<u>Final Exam:</u>	30%

Grading will be done according to the general grading scale (courtesy of Wikipedia):

Letter Grade	Percentage	GPA
A	90–100%	4.0
B	80–89%	3.0
C	70–79%	2.0
D	60–69%	1.0
F	0–59%	0.0

3.1. Attendance/Discussion Participation

Due to the class spanning a five week semester, it will be essential for you to attend the class regularly, unless you have an excused absence. You will also be graded on participation in discussions and will be expected to lead at least one discussion per entirety of the course (this may vary depending on the class enrollment).

3.2. Weekly Assignments

Weekly assignments will consist of several definitions and short questions related to covered material. The assignments will be distributed each Thursday and will be collected before the class of the following Monday.

3.3. Midterm/Final Exams

The Midterm and Final will be a mix of definitions, short questions, and one small essay. Both exams will be take-home. Moreover, we will have review sessions before each exam in which I will answer any questions you may have on the covered material.

3.4. Late Policy

Late submissions for assignments and exams will receive a 10 percent deduction from the total maximum points of assignment/exam for each day of being late. For example, if you're late by no more than 24 hours to submit the midterm, your points will be reduced by 10 (given the maximum attainable points are 100. And if you're late by two days, your points will be reduced by 20. Exceptions will only be made for emergencies approved in accordance with University policy.

4. Class Schedule

Week 1

May 23

Introduction to the Course and the Fundamentals

Readings:

Shleifer, "The Age of Milton Friedman"

May 24

Institutions and Property Rights

Readings:

Pejovich, "The Economics of Property Rights", Chapters 4, 7

May 25

Market Process Theory

Readings:

Boettke & Coyne, "The Essential Austrian Economics", Chapters 5, 6

May 26

Price System, Coordination, and Economic Calculation

Readings:

Boettke & Coyne, "The Essential Austrian Economics", Chapters 3, 4

Week 2

May 30

Government Intervention and Unintended Consequences

Readings:

Boettke & Coyne, "The Essential Austrian Economics", Chapter 7

May 31

Structure of Socialist Economy

Readings:

Kornai, "The Socialist System", Chapter 15

June 1

Poland Under Socialism

Readings:

Piatkowski, "Europe's Growth Champion", Chapter 3

June 2

Human Costs of Socialism

Readings:

Hayek, "The Road to Serfdom", Chapter 10

Week 3

June 6

Illicit Markets

Readings:

Shleifer & Vishny, “Pervasive Shortages Under Socialism”

Grossman, “The Second Economy of the USSR”

June 7

Economies in Transition

Readings:

Roland, “The Political Economy of Transition”

Shleifer, “State Versus Private Ownership”

June 8

Midterm Exam Prep Session

June 9

Midterm Exam

Week 4

June 13

Economies in Transition: Credible Commitment

Readings:

Boettke & Candela, “Productive specialization, peaceful cooperation and the problem of the predatory state”

Shleifer & Blanchard, “Federalism With and Without Political Centralization”

June 14

Economies in Transition: Privatization

Readings:

Boycko, Shleifer, Vishny, “A Theory of Privatization”

Shleifer & Frye, “The Invisible Hand and the Grabbing Hand”

June 15

Economies in Transition: Poland

Readings:

Balcerowicz, “Transition to the Market Economy”

June 16

Welfare and Fiscal Systems

Readings:

Ingol, in “Post-Communist Welfare Pathways”, Chapter 5

Week 5

June 20

Globalization and International Trade

Readings:

TBD

June 21
Where Are We at Now?
Readings:
TBD

June 22
Final Exam Prep Session

June 23
Final Exam

5. Office Hours

I will be available for office hours over Zoom on Thursdays from 1:00 PM - 2:45 PM. If you would like to meet during these hours, send me an email to set up an appointment. If those hours do not work for your schedule, please email me and we can try to arrange something else. NOTE: You must use your Mason email account for all University communications. I will not respond to emails from non-Mason email addresses.

6. Electronic Devices

Phones and Laptops are permitted for note-taking or accessing class materials. Use of these devices for other purposes is prohibited and may negatively affect your participation grade. Recording of the lectures is permitted, unless any student objects.

7. Honor Code

The George Mason University Honor Code is as follows:

To promote a stronger sense of mutual responsibility, respect, trust, and fairness among all members of the George Mason University Community and with the desire for greater academic and personal achievement, we, the student members of the university community, have set for this Honor Code: Student Members of the George Mason University community pledge not to cheat, plagiarize, steal, or lie in matters related to academic work.

I expect each of you to abide by this code. Any student suspected of any violation will be reported to the Office of Academic Integrity.

8. Disability Accommodation

Disability Services at George Mason University is committed to providing equitable access to learning opportunities for all students by upholding the laws that ensure equal treatment of people with disabilities. If you are seeking accommodations for this class, please first visit

<http://ds.gmu.edu/> for detailed information about the Disability Services registration process. Then please discuss your approved accommodations with me. Disability Services is located in Student Union Building I (SUB I), Suite 2500. Email:ods@gmu.edu | Phone: (703) 993-2474.