ECONOMICS OF TRANSITION

ECON 3808A

Fall 2020

Instructor: Mykyta Vesselovsky, Sessional Instructor
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Please DO NOT use my Carleton/CULearn e-mail!

Class Time: Thursday, 18:05 – 20:55 pm (asynchronous lectures) +
Optional: (Q&A 18:05-18:30, synchronous)
Non-optional: Quizzes (20:30-20:55, synchronous) and exams (TBA, synchronous)

Classroom: Virtual
Office Hours: By appointment and as announced in class

TA: TBD
TA Info: TBD

Prerequisite: ECON 1001 or ECON 1000 or FYSM 1003. Students who believe they have taken a similar background course or courses from another university must provide appropriate documentation to the Acting Department of Economics Undergraduate Administrator, Renée Lortie.

I. DESCRIPTION

The goal of this course is to study and understand the recent experiences of a range of countries during the process of transition from a “socialist”, centrally planned economy to a “capitalist”, market-type economy. Thirty years ago the Berlin Wall fell, symbolizing the end of the greatest economic experiment of the 20th century conducted in countries of Central and Eastern Europe, the former Soviet republics, and Central Asia. What have we learned during their return to the global community?

We start with the region’s historical and economic background, then review the fundamentals of socialism and central planned economy, and the legacy of the Soviet economic system which these countries inherited. We proceed to the initial debates about transition that outline the possible options, and review the eventual outcomes, economic and social. We study the key determinants of transition choices and outcomes, and then discuss in detail the domestic vested interests and obstacles that obstructed the path towards further reform. While the case of China is outside the scope of this course, we will have an opportunity to apply what we learned to its situation.

In addition to learning about transition, a key objective at the end of the course is to gain a better understanding of a functioning market economy and to be able to describe an “optimal” transition process from a non-market economy to a market one.
II. GRADING

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<tr>
<th>Grading Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Midterm Exam</td>
<td>25%</td>
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<tr>
<td>In-class quizzes (4)</td>
<td>16%</td>
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<tr>
<td>Country Study</td>
<td>24%</td>
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<tr>
<td>Final Exam</td>
<td>35%</td>
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<td>TOTAL</td>
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III. REMOTE EDUCATIONAL PROCESS

Classes will take place through pre-recorded, asynchronous online lectures. These will take the form of PowerPoint slides with voiceover capture (Kaltura) over them and will last about 2 hours each. These lectures will be accessible from the CuLearn course website. “Asynchronous” means you are not obligated to view them at a pre-defined time; however, to succeed in the course you should follow the four steps below in order:

- review the outline before every class to situate the subject of the lecture within the course;
- do the required readings (and further readings if interested in the topic);
- listen to the lecture, which will help you 1) understand the context, 2) arrange the material from the readings in the right order, 3) put emphasis on what’s important and what is secondary, and 4) determine what knowledge will be required in order to do well on quizzes and exams;
- attend the Q&A Zoom session at the beginning of the next class to ask questions about last week’s course material if clarification is required.

The Q&A Zoom sessions will be synchronous and will take place at 18:00-18:30 on Thursdays, closing the weekly cycle in which you are supposed to digest the previous week’s materials. The attendance for these sessions is optional, but this is your best avenue for keeping in touch with the instructor and your classmates. If demand exceeds supply, further office hours will be conducted via video chat before exams if necessary.

Quizzes: The last half-hour of each class on Weeks 4, 6, 9 and 12 will feature an in-class quiz administered on CULearn. The quizzes will focus on the required course readings from the two previous weeks. They will test not just your memory, but also your ability to make inferences from the material. Quiz attendance is mandatory. You are allowed to miss one of the quizzes with prior warning and an acceptable reason, in which case its weight will be transferred to your final exam. Any additional missed quizzes will result in a grade of 0 for that quiz.

Country Study

In Weeks 3-4, a random draw will be held to assign one transition country to every student. You will be responsible for writing a short study on your assigned country. Its length should be 1,500 words, or 6 double-spaced pages, plus accompanying charts/tables/references in an Annex. Additional details will be provided by the third week of class. The paper will be due in the week of the last class and should be submitted on CULearn.

The perspective of your Country Study will be according the following scenario:
- you are a citizen of that country - born, raised and working there;

- you are also an economics graduate from a Western university with a recent degree;

- your country underwent a recent election, and the new government wants your urgent and honest advice on the transition progress so far, and what can be done to improve its speed;

- your advice above should apply both domestically and internationally, because a copy of your study will also be forwarded to the World Bank and IMF. Think accordingly.

Your Country Study should strictly follow the outline below:

1. General description of the economic situation at the beginning of transition, and key facts and constraints (political, military, international, industrial etc.) that should be borne in mind.

2. Discuss the degree of progress towards a market economy achieved by your country up to now, using quantitative evidence discussed in the course materials (GDP, TPI, HDI, INST, Gini, etc.). Make sure to use available sources: you can’t be flatly contradicting EBRD, IMF, World Bank, but you cannot plagiarize them either! Consider their evidence and creatively develop it with additional information.

3. Make conclusions and recommendations for action. Those are 4-5 short bullets at the end that are the key value added of your document (think of your short window of opportunity, the most important reforms that can be made, and a realistic way to implement them). Do not be generic. Use additional readings on the country in question to gain more insight into its path and problems.

Please note the following important rule associated with this course:

- Any student who fails to write the midterm test, or to hand in the paper on time, will automatically receive a zero for that assignment, unless the instructor is notified in advance and a written medical or equivalent excuse is provided. With a valid reason an extension for the paper will be scheduled and the weight of the midterm can be shifted to the final.

IV. READINGS

As a discussion course in political economy, this course emphasizes required readings. They replace the theoretical models, graphical analysis and problems of most standard economics courses, but should be taken just as seriously. Materials on the reading list are required. Readings are available in the bookstore, online or on reserve through the university catalogue. Read the week’s materials before tuning in for the class - it will make the class material more useful to you.

ON = on-line, through ARES or the library catalogue.

This outline is tentative and some readings may change as we progress.

Main text (bookstore for both e-version and complimentary physical copy, and on reserve):

COURSE OUTLINE

Part I: THE PAST

Week 1 (Sep. 10): Points of Departure


Readings:

Text, Introduction, pp. 1-15


Week 2 (Sep. 17): Understanding State Socialism: Theory and Practice


Readings:


Week 3: Initiating Transition

Political vs. economic motives for the transition. Unprecedented challenges for an unprepared profession. Main economic themes of transition. The “Washington Consensus”. Speed of reforms: “Big

Readings:

Text, Ch.1, pp. 17-34.


Part II: THE STORY OF TRANSITION

Week 4 (Oct. 1): Reforms and Results of Transition


Readings:

Text, Ch.2, pp. 35-62.


Week 5: Transition Choices - Role of History, Leaders and Populations


Readings:

Text, Chs. 3-4, pp. 63-103.

Week 6: Transition Choices - Technocrats and External Forces


Readings:
Text, Chs. 5-6, pp. 104-154.


Week 7 (Oct. 22): Review Class. Midterm exam (2 hours)

FALL BREAK, no classes

PART III: TRANSITION IN PRACTICE: ISSUES AND PROBLEMS

Week 8 (Nov. 5): Domestic Vested Interests

The role and perception of insiders. Theoretical framework for old guard behaviour. Transition from power to wealth. Life in transition. LiTS methodology and results. Populism and abuse of statistics. Fates of the old guard in CEB and FSU.

Case study: radical reforms in Estonia.

Readings:

Text, Ch. 7, pp. 157-180.


Week 9: Enter the Oligarchs


Case study: failed hopes in Ukraine.

Readings:

Text, Ch. 8, pp. 181-212.


Week 10 (Nov. 19): Corruption: A Transition to Nowhere


Case study: war against corruption in Georgia.

Readings:

Text, Ch. 9, pp. 213-241.


Week 11: The Role of the State and Social Consequences of Transition


Readings:

Myant, Martin and Drahokoupil, Jan (2011). Transition Economies, Chapter 9, Economic Role of the State, pp. 159-183.


Week 12 (Dec. 3): End of transition: conclusions and lessons

Accession to the EU. Impact of socialist past on EU members now minimal. Engines of EU economic growth. Stylized facts about transition. Why some succeeded and others are stuck? Myths and legends of transition. Perspectives for the future. A better socialism?

Readings:


Text, Chs. 11-12, pp. 271-296.

Further readings of interest (particularly for help with the country study): Faces of Convergence, e-book, on course website@CULearn.
V. ACADEMIC ACCOMMODATIONS

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at:

www.carleton.ca/csas

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send the instructor your Letter of Accommodation at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). Requests made within two weeks will be reviewed on a case-by-case basis. After requesting accommodation from PMC, meet with the instructor to ensure accommodation arrangements are made. Please consult the PMC website (www.carleton.ca/pmc) for the deadline to request accommodations for the formally-scheduled exam (if applicable).

Religious Observance: Students requesting accommodation for religious observances should apply in writing to their instructor for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory academic event. Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student. Instructors and students may contact an Equity Services Advisor for assistance (www.carleton.ca/equity).

Pregnancy: Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a letter of accommodation. Then, make an appointment to discuss your needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

Plagiarism: The University Senate defines plagiarism as “presenting, whether intentional or not, the ideas, expression of ideas or work of others as one’s own”. This can include: reproducing or paraphrasing portions of someone else’s published or unpublished material, regardless of the source, and presenting these as one’s own without proper citation or reference to the original source; submitting a take-home examination, essay, laboratory report or other assignment written, in whole or in part, by someone else; using ideas or direct, verbatim quotations, or paraphrased material, concepts, or ideas without appropriate acknowledgment in any academic assignment; using another’s data or research findings; failing to acknowledge sources through the use of proper citations when using another’s works and/or failing to use quotation marks; handing in substantially the same piece of work for academic credit more than once without prior written permission of the course instructor in which the submission occurs.

All suspicions of plagiarism will be dealt with according the Carleton’s Academic Integrity Policy (http://carleton.ca/studentaffairs/academic-integrity/). The Associate Dean of the Faculty will conduct a rigorous investigation, including an interview with the student. Penalties are not trivial. They may
include a mark of zero for the plagiarized work or a final grade of F for the course. Student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Submission, Return and Grading of Term Work:

Written assignments must be submitted directly to the instructor(s) according to the instructions in the course outline. If permitted in the course outline, late assignments may be submitted to the drop box in the corridor outside room 3305 Richcraft Hall. Assignments will be retrieved every business day at 4 p.m., stamped with that day's date, and then distributed to the instructors. For written assignments not returned in class please attach a stamped, self-addressed envelope if you wish to have your assignment returned by mail. Final exams are intended solely for the purpose of evaluation and will not be returned.

Final standing in courses will be shown by alphabetical grades. The system of grades used is standard to Carleton.

| 90-100: | A+ |
| 85-89:  | A  |
| 80-84:  | A- |
| 77-79:  | B+ |
| 73-76:  | B  |
| 70-72:  | B- |
| 67-69:  | C+ |
| 63-66:  | C  |
| 60-62:  | C- |
| 57-59:  | D+ |
| 53-56:  | D  |
| 50-52:  | D- |
| 0-50:   | F  |

Standing in a course is determined by the course instructor subject to the approval of the Faculty Dean. This means that grades submitted by an instructor may be subject to revision. No grades are final until they have been approved by the Dean.

Carleton E-mail Accounts: All email communication to students will be from the instructor’s e-mail (menelhil@yahoo.com) to the students’ official Carleton university e-mail accounts and/or cuLearn. Important course and university information is distributed this way, so it is the student’s responsibility to monitor their Carleton and cuLearn accounts. However, do not e-mail the instructor on Carleton or cuLearn, and use the e-mail above for all communications.