ECON 3808 – ECONOMICS OF TRANSITION

Course outline – Winter 2019

Instructor: Dr. Crina Viju-Miljusevic
Email: crina.viju@carleton.ca
Phone: 520-2600x8440   Office: RH 3312
Classes: Thursdays, 11:35 AM – 2:25 PM, Room: 3101 Canal Building
Office hours: Wednesdays: 10AM – 12 PM or by appointment
Prerequisite: 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 Department of Economics Undergraduate Administrator, Amanda Wright.

TA: Hasan Zaman
Email: hasanzaman@cmail.carleton.ca
Office: TBD
Office hours: TBD

Course description:

The overall aim of this course is to understand the process of transition from a socialist, centrally planned economy to a capitalist market-type economy. “Classical socialism” is criticized and the processes of transition in countries of Central and Eastern Europe, the former Soviet Union, and Asia are compared.

In order to provide a background for our in-depth study of the economies of transition, we will first examine the legacy of the Soviet economic system, which these countries inherited. We then explore the demise of central planning and the debates about the best practices in transforming socialist economies. We review the progress of transition in various countries concentrating on macroeconomic stabilization, market liberalization, firm privatization, institutional development and the establishment of a social safety net.

The final task of the course is to examine to what extent differences in economic performance in post-communist countries during transition are associated with:

- The initial level of economic development;
- The magnitude of initial distortions in industrial structures and trade patterns;
- Chosen reform paths (shock therapy or gradual transition), speed of liberalization;
- Institutional capacities of the state;
- Macroeconomic stabilization and industrial policies;
- Other factors.
**Requirements:**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Midterm exam (February 28)</td>
<td>20%</td>
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<tr>
<td>Discussion group participation</td>
<td>10%</td>
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<tr>
<td>Group debate</td>
<td>15%</td>
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<tr>
<td>Position paper</td>
<td>25%</td>
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<tr>
<td>Final Exam</td>
<td>30%</td>
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<tr>
<td>Bonus points towards final grade</td>
<td>2%</td>
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**Discussion group participation:** The last hour of each class (Weeks 3-8) will be a discussion session (in two groups if numbers permit). You will be marked on your attendance and participation, and are expected to be familiar with required course readings for the discussion. **Attendance is mandatory.**

**Group debate:** In Weeks 9-12 of the course one hour and a half will be devoted to debate on a hot topic. Teams of 3-4 students will prepare and present a case on one side of a particular issue. Then the topic will be opened to class discussion. Details will be provided by the third week of class. Debate topics are listed in the course syllabus. **Attendance for debates is mandatory.**

**Term essay:** A position paper will be prepared by each student in connection with the class debate. The position paper will be 1800-2000 words in length with sources additional to required class readings. Detailed instructions will be provided by the third week of class. The paper will be due on one week after the class debate.

**Bonus points:** students that are taking one of two qualifying courses (each course brings 1.0%) offered through Carleton’s “Incentive Program” (Centre for Student Academic support, CSAS). Not all workshops offered by CSAS qualify for receiving the bonus in this course, thus, consult with the instructor ahead of time. Preference is given to courses that promote academic writing, critical thinking, note-taking, academic integrity or presentation skills. The workshops should be completed in person or online during the winter 2019 semester. For details please see: [https://carleton.ca/csas/incentive-program/#sect3](https://carleton.ca/csas/incentive-program/#sect3).

**Please note the following important rules associated with this course:**

- Any student who fails to appear for the midterm test or who fails to hand in the position paper or who fails to appear for the class debate 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 excuse a substitute test or an extension for the paper will be scheduled or the weight of the assignment will be shifted to the final exam.
- Penalties for late essays are as follows: Two points (of a % scale) for each day late (including weekends). Papers will not be accepted more than one week after the due date without a valid (e.g., written medical) excuse.
Materials on the reading list are required.

Readings are available in the bookstore, online or on reserve through the university catalogue.

RE = on reserve in main library
ON = on-line, through ARES or the library catalogue

Book in the bookstore (also on reserve):

Myant M. and Drahokoupil, J. (2011) Transitions Economies: Political Economy in Russia, Eastern Europe, and Central Asia, John Wiley and Sons (Referred to below as M&D)

TENTATIVE COURSE OUTLINE

January 10

Week 1: Outline

Macroeconomic notions: GDP (components, measurement problems, comparisons among countries); Economic growth; Economic development

Economics of transition; Objectives, outcomes and surprizes of transition

Readings:

M&D, Introduction, pp. xvi-xxiv


January 17

Weeks 2: Introduction

Readings:

M&D: Chapter 1 The System of State Socialism, pp. 3-10.


No discussion session

January 24

Week 3: History and Economics of Soviet Planned Economy

Readings:


Discussion session

January 31

Week 4: Industrial Organization and Structural Inefficiencies

Readings:


M&D, Chapter 3: From Reform to Breakdown, pp. 33-45


Discussion session

February 7


Readings:

M&D, Chapter 4: *The Courses of Transition*, pp. 49-62


*Discussion session*

**February 14**

**Week 6: Macroeconomics of Transition/Government reform**

**Readings:**

M&D, Chapter 4: *The Courses of Transition*, pp. 62-79 and Chapter 9: *Economic Role of the State*, pp. 159-183


*Discussion session*

**February 21 – no class (mid-term break)**

**February 28**

**Week 7: Review class. Midterm exam (2 hours).**

**March 7**

**Week 8: Privatization/Industrial Restructuring and Financial Sector**

**Readings:**


M&D, Chapter 14: *A New Banking System*, pp. 259-275

Discussion session

March 14

Week 9: Labor Market and Social Consequences of Transition

Readings:

M&D, Chapter 10: Welfare States and Regimes, pp. 185-212


Debate: Chinese model of transition is the one Russia should have followed (2 groups, 8 students)

Debate: Corruption deters foreign direct investment (2 groups, 8 students)

March 21

Week 10: Disintegration: COMECON, Warsaw Pact and multinational states collapse; Reintegration of the post-Soviet space: Eurasian Economic Union

Readings:


Debate: Resource (oil and gas) abundant economies in post-Soviet space grow more slowly than other economies (“resource curse”) (2 groups, 8 students)

March 28

Week 11: Reintegration of CEECs: European Union accession
Readings:


Debate: Should Ukraine join the European Union (EU)? (2 groups, 8 students)

Debate: Eurasian Economic Union versus Deep Free Trade Agreements with the European Union. (Consider as case studies Moldova, Georgia, Armenia and Azerbaijan). (2 groups, 8 students)

April 4

Week 12: Economic Crisis and Transition Economies / Lessons and Challenges

Readings:

M&D, Chapter 16: Emerging Varieties of Capitalism, 299-312 and Chapter 17: The Financial Crisis and a Verdict on Transition, pp. 313-333


Debate: Will the CEECs that are part of the EU benefit from Eurozone (monetary union) membership? (2 groups, 8 students)

Debate: Globalization (international economic integration) and Europeanization (European economic integration) benefited the transition economies. (2 groups, 8 students)

Review

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, with corresponding grade points is:

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<thead>
<tr>
<th>Percentage</th>
<th>Letter grade</th>
<th>12-point scale</th>
<th>Percentage</th>
<th>Letter grade</th>
<th>12-point scale</th>
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<tbody>
<tr>
<td>90-100</td>
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<td>12</td>
<td>67-69</td>
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<tr>
<td>85-89</td>
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<tr>
<td>70-72</td>
<td>B-</td>
<td>7</td>
<td>50-52</td>
<td>D-</td>
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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 via official Carleton university e-mail accounts and/or cuLearn. As important course and university information is
distributed this way, it is the student’s responsibility to monitor their Carleton and cuLearn accounts.