

Comparative Economic Systems (ECON 312)
Spring 2017

Instructor: Zachary Gochenour (gochenzj@jmu.edu)

Times and Location: Mon/Wed 4:00-5:15, Zane Showker 105

Office: Zane Showker 439

Office Hours: Mon/Wed 2:00-4:00, Tue/Thur 2:00-3:30

The field of comparative economic systems has traditionally been concerned with comparing the command or centrally planned economy with a market economy. Back then, many economists took seriously the idea that the command economy might outperform markets. However, it has been reinvented in recent decades since the collapse of communism in the Soviet Union. Today, nearly all societies embrace market capitalism to some degree - and for good reason! However, there remain substantial systemic differences between economies, such as regarding the role of the state or church. This leads to some central questions for this course: how are these differences related to economic performance? Why have some countries become prosperous while others have remained poor? Is there a single recipe for success, or are different institutions (sets of formal and informal rules) appropriate for different cultures or circumstances?

Catalog description: An examination of the distinguishing characteristics, institutions, and performances of the various types of major economic systems in the world today.

Class format: I will lecture some on the assigned material, but my primary role will be to lead class discussion. The goal is not to transfer information from my mind to yours, but rather for us to engage each other on a topic of common interest. There is a large amount of reading required for this course and much of it is written at an advanced level. If you are not prepared to do the reading, critically engage with it, and discuss it in class, you will not succeed in this course.

Prerequisites: Introductory microeconomics (ECON 201) and macroeconomics (GECON 200).

Attendance: Recommended. You should make an attempt to attend every class in order to maximize your grade.

Electronics: No electronic devices should be used in class. Failure to heed this rule will result in the loss of 1 step (e.g. from a B to C) on your final grade for each infraction. I recommend you switch your phone off before you enter the classroom.

Exception: I will have my phone on during class because I am expecting my first child early this semester and will need to be notified. If you are an expectant parent or have a similar extenuating circumstance I will allow you to do the same should you obtain prior permission.

Academic Honesty and Integrity: All students are expected to comply with JMU policy about academic integrity and honesty at all times. I take this very seriously, as should you. Penalties for honor code violations include a grade of “F” assigned for the course. No exceptions.

(<http://www.jmu.edu/academicintegrity/>)

Disabilities notice: If you have not already done so, you will need to register with the Office of Disability Services, Student Success Center, First Floor, Suite 1202, 568-6705, and provide me with an Access Plan letter outlining your accommodations. Accommodations will be made for students with disabilities in accordance with JMU policy <http://www.jmu.edu/JMUpolicy/1331.shtml>

Inclement weather policy: During inclement weather, be aware of closure notice directly from the university or by checking the university web page. If class is cancelled for another reason, I will send an announcement. <http://www.jmu.edu/JMUpolicy/1309.shtml>

Religious observance accommodation: Notify me as early as possible before the add/drop deadline if you expect to need accommodation for religious observance or engagement of great personal importance that will cause you to miss instructional or testing time. We will discuss the appropriate accommodation at that time.

Required text:

Comparative Economic Systems in a Transforming World Economy, J. Barkley Rosser, Jr. and Marina V. Rosser, second edition, MIT Press, 2004. Available in the bookstore or online.

Other texts and resources:

All other texts and resources required for the class are available online for free, and I have included the links along with the relevant assignment, below.

Grades: Work will be graded by the following scale:

- 4: Extraordinary work: goes beyond requirements, very few or no errors
- 3: Satisfactory work: fully satisfies requirements, few errors
- 2: Marginally satisfactory work: barely satisfies requirements, several errors
- 0: Unsatisfactory work that does not satisfy requirements.

Your grade will be based primarily on quizzes, a take-home final exam, and a paper and presentation.

Midterm: There will be an in-class midterm exam.

Paper and Presentation: At some point during the first half of the semester you will pick a country and write a paper exploring that country’s economic organization, performance, and institutional structure. You will be required to present your findings to the class in a short (10-minute) presentation. I

will grade your paper and presentation independently then use the **lower** of the two (as in a Leontief function). Further details and due date will be announced during the semester.

Final Exam: There will be a take-home, written final exam due on exam week. Late exams will not be accepted.

These three grades are weighted equally. Your grade will then be determined as follows:

A: 11-12 pts

B: 9-10 pts

C: 7-8 pts

D: 5-6 pts

F: 0-4 pts

Participation is also important to your grade and is a requirement of this class. If in the instructor's evaluation you are one of the students who contributes the most to class discussion, coming well-prepared to almost every class meeting and communicating your ideas effectively, you will receive a "+" grade. If you come to class prepared most of the time and participate an average amount, you will receive neither a "+" nor a "-". If you frequently miss class or for whatever reason participate only rarely, you will receive a "-" grade. If you are disruptive or disrespectful during discussion, I will deduct points from your final grade.

It is possible for everyone in the class to earn an "A", but also possible for everyone to fail. Nothing will affect your grade other than your performance in class and on the graded work listed here in the syllabus.

Students should be aware there is a lot of reading in this class compared to some others (more than a hundred pages per week). You should not take this class if you are not prepared to do the reading every week and participate in class discussion.

Tentative Schedule:

As the course progresses, I will give more details about assignments including additional readings. I will likely make many changes to the schedule as the course goes on. These will be announced in class.

The number refers to the week number. For example, “1” refers to the first week of class. Beginning the second week, you must read all of the assigned readings before our first meeting of the week. Because of likely class cancellations for inclement weather and my baby (due January 30) the schedule will be updated as semester evolves.

The number refers to the week number. For example, “1” refers to the first week of class. Beginning the second week, you must read all of the assigned readings before our first meeting of the week. Because of likely class cancellations for inclement weather and my baby (due January 30) consider this very tentative.

Readings labeled as “Optional” are encouraged for all students, but may be too lengthy and/or advanced for some students. The rest of the readings are absolutely required, and you should come to class prepared to discuss them in detail.

1. Overview

Rosser and Rosser (hereafter R&R) Chapter 1

Boettke, P.J., Coyne, C.J., Leeson, P.T., and Sautet, F. (2005) “The New Comparative Political Economy.” Review of Austrian Economics. http://www.peterleeson.com/New_Comparative.pdf

D. North. “Institutions.” *The Journal of Economic Perspectives*
<http://www.ppge.ufrgs.br/giacomo/arquivos/econ-crime-old/north-1991.pdf>

P. Boettke, C. Coyne, P. Leeson “Comparative Historical Political Economy.” *Journal of Institutional Economics* http://www.peterleeson.com/Comparative_Historical_Political_Economy.pdf

2-3. Economic History and The Traditional Economy

R&R Chapter 4 (pp. 85-94)

S. Ogilvie, “The Economic World of the Bohemian Serf” *The Economic History Review*
<http://www.econ.cam.ac.uk/people/faculty/sco2/full-texts/Ogilvie-2001-Economic%20world.pdf>

D. McCloskey, “The Industrial Revolution 1780-1860, A Survey”
http://www.deirdremccloskey.com/docs/pdf/Article_66.pdf

Optional: Karl Marx, “Pre-Capitalist Economic Formations”
<https://www.marxists.org/archive/marx/works/1857/precapitalist/index.htm>

4-5. Capitalism

R. Hessen, “Capitalism.” *Concise Encyclopedia of Economics*.
<http://www.econlib.org/library/Enc/Capitalism.html>

P. Leeson, “Two Cheers for Capitalism?”
http://www.peterleeson.com/Two_Cheers_for_Capitalism.pdf

A. Rand, Francisco's "Money Speech" from *Atlas Shrugged*
<http://capitalismmagazine.com/2002/08/franciscos-money-speech/>

F. Hayek, "The Use of Knowledge in Society"
<http://www.econlib.org/library/Essays/hykKnw1.html>

R&R Chapter 2 (The Theory and Practice of Market Capitalism)

R&R Chapter 5 (The United States)

6-7. Socialism

R&R Chapter 3 (The Theory and History of Socialism)

R&R Chapter 10 (The Former Soviet Union)

A. Einstein, "Why Socialism" <http://monthlyreview.org/2009/05/01/why-socialism/>

R. Heilbroner, "Socialism." *Concise Encyclopedia of Economics*.

<http://www.econlib.org/library/Enc/Socialism.html>

L. Mises, "Economic Calculation in the Socialist Commonwealth." (p. 1-31)

https://mises.org/sites/default/files/Economic%20Calculation%20in%20the%20Socialist%20Commonwealth_Vol_2_3.pdf

B. Caplan, "Communism." *Concise Encyclopedia of Economics*.

<http://www.econlib.org/library/Enc/Communism.html>

D. Prychitko, "Marxism" *Concise Encyclopedia of Economics*.

<http://www.econlib.org/library/Enc/Marxism.html>

Optional: O. Lange, "On the Economic Theory of Socialism: Part One." *Review of Economic Studies*.

[https://www.math.snu.ac.kr/~hicho/infomath/Articles/\(O.%20Lange\)%20On%20the%20economic%20theory%20of%20socialism.%20Part%201.pdf](https://www.math.snu.ac.kr/~hicho/infomath/Articles/(O.%20Lange)%20On%20the%20economic%20theory%20of%20socialism.%20Part%201.pdf)

8. Midterm Exam

Spring Break

9. Varieties of Advanced Market Capitalism

R&R Chapter 6 (Japan)

N. Smith, "Japanese Economic Mythbusting."

<http://neojaponisme.com/2014/01/15/japanese-economic-mythbusting/>

R&R Chapter 8 (Sweden)

N. Sanandaji, "The Surprising Ingredients of Swedish Success: Free Markets and Social Cohesion." <http://iea.org.uk/sites/default/files/publications/files/Sweden%20Paper.pdf>

R&R Chapter 9 (Germany)

10. Eastern Europe and the Transition Economy

R&R Chapter 11 (Former Soviet Republics)

R&R Chapter 12 (Poland)

R&R Chapter 13 (Hungary)

11. China

R&R Chapter 15

12-13. Interesting Emerging Economies

R&R Chapter 16 (India)

R&R Chapter 4 (pp. 94-112 - Islamic Economics)

R&R Chapter 17 (Iran)

14. Korea: North vs. South

R&R Chapters 19 and 20