

Free University of Berlin
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 Summer Semester 2015

Comparative Economic Systems

Lectures: Mondays, 10-12, Garystr. 55, Room 323

Office Hours: Tuesdays, 15-17, Garystr. 55, Room 101A

Master OES: Komparative Wirtschaftssysteme

Master Economics and Public Economics: Aktuelle Forschungsfragen der Mikroökonomie

This course offers to students a comprehensive overview of the new and vibrant field of comparative economics that has emerged from transition economics and the economics of central planning. Before the economics of transition, comparative economics was devoted mostly to the comparison of capitalism and socialism, and in practice mostly to the study of socialist economic systems (central planning, Yugoslav self-management, market socialism). The transition experience and the economics of transition have shown the importance of the institutions underlying the capitalist system. Comparative economics is now turning to the comparative analysis of institutions of existing capitalist systems and to the historical evolution of those institutions.

Exam:

Master OES: Presentation (approx. 20 min) and seminar paper (approx. 15-20 pages).

Master Economics and Public Economics: Presentation (approx. 30 min) and seminar paper (approx. 20 pages).

Week 1: Introduction

- Roland G. *Transition and Economics. Politics, Markets and Firms*, MIT Press 2000, Introduction.
- Djankov S., E. Glaeser, R. LaPorta, F. Lopez-de-Silanes and A. Shleifer. The New Comparative Economics, *Journal of Comparative Economics*, Vol. 31, No. 4, December 2003, pp. 595-619.

Week 2: Different Coordination Mechanisms

- Weitzman M. Prices Versus Quantities. *Review of Economic Studies* Vol. 41 No. 4, October 1974, pp. 477-491.
- Bolton P. and J. Farrell. Decentralization, Duplication and Delay, *Journal of Political Economy*, Vol. 98 No. 4 1990, pp. 803-826.

Week 3: Institutions and Economic Performance

- Hoff Karla & Joseph E. Stiglitz, 2002. "After the Big Bang? Obstacles to the Emergence of the Rule of Law in Post-Communist Societies," *NBER Working Papers* 9282, National Bureau of Economic Research, Inc.
- Johnson Simon & John McMillan & Christopher Woodruff, 2002. "Property Rights and Finance" *American Economic Review*, vol. 92(5), pages 1335-1356.

- Besley Timothy, 1995. "Property Rights and Investment Incentives: Theory and Evidence from Ghana" *Journal of Political Economy*, vol. 103(5), pages 903-37.

Week 4: Comparative Legal Systems. Common Law vs. Civil Law

- LaPorta R., F. Lopez-de-Silanes, A. Shleifer and R. Vishny. Law and Finance, *Journal of Political Economy* 106, 1998 1113-1155.
- Glaeser E., A. Shleifer. Legal Origins, *Quarterly Journal of Economics*, vol. 117 No 4: 1193-1229, 2002.

Weeks 5 and 6: Comparative Financial Systems

- Dewatripont, Mathias and Eric Maskin, (1995), "Credit and Efficiency in Centralized and Decentralized Economies", *Review of Economic Studies*, 62: 541-555.
- Pagano M. and P. Volpin (2005). The Political Economy of Corporate Governance. *American Economic Review* 95 (4), 1005-1030.

Weeks 7 and 8: Culture and Religion

- Avner Greif, 1994. "Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies," *Journal of Political Economy*, vol. 102(5), pages 912-50, 1994.
- Barro R. and R. McCleary. Religion and Economic Growth. April 2003.
- Grigoriadis Theocharis and Benno Torgler. Religious Identity, Public Goods and Centralization: Evidence from Russian and Israeli Cities. FU Berlin Economics Discussion Paper Series 13/2013.
- Grigoriadis Theocharis. Religious Origins of Democracies and Dictatorships.
- Iannacone LR et al. Lessons from Delphi: Religious Markets and Spiritual Capitals, *Journal of Economic Behavior and Organization*, 2010.
- Scheve Kenneth and David Stasavage, "Religion and Preferences for Social Insurance" *Quarterly Journal of Political Science*, 2006, 1: 255-286.
- Tabellini Guido. "Culture and Institutions: Economic Development in the Regions of Europe", *Journal of the European Economic Association*, June 2010, 8 (4): 677-716.
- Torgler Benno. "The Importance of Faith: Tax Morale and Religiosity" *Journal of Economic Behavior & Organization*, Vol. 61, 2006: 81-109.

Week 9: Capitalism under Democracy and Dictatorship

- Acemoglu D. The Form of Property Rights. Oligarchic versus Democratic Societies, *Journal of the European Economic Association*, 2008.
- Barro R. Determinants of Democracy, *Journal of Political Economy* December 1999.
- Przeworski A. et al. *Democracy and Development. Political regimes and Material well-being in the World: 1950-1990*, Cambridge University Press, 2000.

Week 10: Comparative Analysis of Democracies: Electoral Rules and Political Regimes

- Persson T. and G. Tabellini, *The Economic Effect of Constitutions*, MIT Press, 2003.

Week 11: Measuring the Effect of Institutions on Economic Growth

- Acemoglu D., S. Johnson and J. Robinson. The Colonial Origins of comparative Development. An Empirical Investigation, *American Economic Review* vol. 91, pp. 1369-1401, 2001.

- Hall R. and C. Jones "Why Do Some Countries Produce So Much More Output per Worker than Others?" *Quarterly Journal of Economics*, 1999, Vol. 114, pp. 83-116.

Week 12: Understanding China's Growth

- Qian Yingyi, Chong-En Bai and Chang-Tai Hsieh. The Return to Capital in China. *Brookings Papers on Economic Activity*, 2:2007.
- Young A. Gold into Base Metals: Productivity Growth in the People's Republic of China during the Reform Period. *Journal of Political Economy* 111 (December 2003): 1220-1261.
- Chow Gregory C & Li Kui-Wai, 2002. "China's Economic Growth: 1952-2010," *Economic Development and Cultural Change*, University of Chicago Press, vol. 51(1), pages 247-56, October.
- Mohsin S. Khan & Zulu Hu, 1996. "Why is China Growing So Fast?" IMF Working Papers 96/75, International Monetary Fund.

Week 13: Gradualism and China's Administrative Organization

- Roland Gérard. *Transition and Economics*, Chapter 2, MIT Press 2000.
- Dewatripont Mathias and Gérard Roland. The Design of Reform Packages under Uncertainty. *American Economic Review*, 1995, vol. 83, no. 5, 1995, pp. 107-1223.
- McMillan J. and B. Naughton (1992). "How to Reform a Planned Economy: Lessons from China", *Oxford Review of Economic Policy*, 8, pp. 130-143.
- Chandler Alfred. *Strategy and Structure*, New York: Doubleday and Company, 1966.
- Williamson, Oliver. *Markets and Hierarchies*, New York: Free Press, 1975.
- Qian Yingyi and Chenggang Xu. "Why China's Economic Reforms Differ: M-Form Hierarchy and Entry/Expansion of the Non-State Sector," *Economics of Transition*, 1993, 1(2), pp. 135-170.
- Qian, Yingyi, Gerard Roland, and Chenggang Xu. "Coordination and Experimentation in M-form and U-form Organizations," *Journal of Political Economy*, June 2006.

Week 14: Dual-Track Liberalization and its Properties

- Lau L., Y. Qian and G. Roland (1997). "Pareto-Improving Economic Reforms through Dual-Track Liberalization", *Economics Letters*, 55(2): 285-292.
- Lau L., Y. Qian and G. Roland (2000). "Reform without Losers: An Interpretation of China's Dual-Track Approach to Reforms", *Journal of Political Economy*, vol. 108 (1), pp. 121-143.
- Roland G. and T. Verdier (1999a). "Transition and the Output Fall", *Economics of Transition*, 7(1): 1-28.
- Murphy, K., A. Shleifer and R. Vishny (1992). "The Transition to a Market Economy: Pitfalls of Partial Reform", *Quarterly Journal of Economics*, 107: 889-906.
- Sicular T. (1988). "Plan and Market in China's Agricultural Commerce", *Journal of Political Economy*, 96(2): 283-307.
- Byrd W. A., (1987). "The Impact of the Two-Tier Plan/Market System in Chinese Industry", *Journal of Comparative Economics*, 11: 295-308.
- Byrd W. A., (1989). "Plan and Market in the Chinese Economy: A Simple General Equilibrium Model", *Journal of Comparative Economics*, 13, 177-204.

Week 15: Fiscal Decentralization and Bureaucratic Incentives

- Berkowitz, D. and W. Li (2000), "Tax Rights in Transition Economies: A Tragedy of the Commons?" *Journal of Public Economics*.

- Weingast, Barry R., "The Economic Role of Political Institutions: Market-Preserving Federalism and Economic Growth," *Journal of Law, Economics, and Organization*, 1995, 11, pp. 1-31.
- Qian Yingyi, and Barry R. Weingast, "Federalism as a Commitment to Market Incentives," *Journal of Economic Perspectives*, Fall 1997, 11(4), pp. 83-92.
- Qian Yingyi, and Gerard Roland, "Federalism and the Soft Budget Constraint", *American Economic Review*, December 1998, 88(5), pp. 1143-1162.
- Zhuravskaya, Ekaterina, "Incentives to Provide Local Public Goods: Fiscal Federalism, Russian Style," *Journal of Public Economics*, 2000, 76, pp. 337-368.
- Jin Hehui, Yingyi Qian and Barry Weingast, "Regional Decentralization and Fiscal Incentives: Federalism, Chinese Style," *Journal of Public Economics*, September 2005, 89(9-10), pp. 1719-1742.
- Young A. The Razor's Edge: Distortions and Incremental Reform in the People's Republic of China, *Quarterly Journal of Economics* 115 (November 2000): 1091-1135.

Week 16: Meritocracy and Yardstick Competition in the Chinese Administration

- Maskin Eric, Yingyi Qian and Chenggang Xu. "Incentives, Information, and Organizational Form," *Review of Economic Studies*, April 2000, 67(2), pp. 359-378.
- Li Hongbin and Li-An Zhou. Political Turnover and Economic Performance: The Incentive Role of Personnel Control in China. *Journal of Public Economics*, September 2005, 89(9-10), pp. 1743-1762.
- Chen Ye & Li, Hongbin & Zhou, Li-An, 2005. "Relative performance evaluation and the turnover of provincial leaders in China" *Economics Letters*, vol. 88(3), pp. 421-425, September.
- Li S. Li. S. and W. Zhang, 2000. The Road to Capitalism: Competition and Institutional Change in China, *Journal of Comparative Economics* 28: 269-292.