

Freie Universität Berlin
 Department of Economics
 Institute for East European Studies
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 Winter Semester 2018/19

Economic History of Russia & Eurasia

Seminar: Mondays, 10-12, Garystr. 55, OEI, Hörsaal A.

Lecture: Tuesdays, 10-12, Garystr. 55, Raum 101.

Office Hours: Tuesdays, 14-16, Garystr. 55, OEI, Room 101A.

Modules:

Master of Science in Economics and Public Economics: *Wirtschaftsgeschichte des 20. Jahrhunderts*

Master of Arts in East European Studies: *Disziplinäre Grundlagen A+B*

This is a course on the economic history of Russia and Eurasia. The first part of the course will focus on the economic system of the Russian Empire. The second part of the course will concentrate in the analytical and structural determinants of communist economic organization with reference to the Soviet Union. The third part of the course will deal with the political economics of post-Soviet transition. Seminars will cover both rigorous economic concepts and historical debates. Lectures will offer training in formal methods in economic history. Students are expected to become conversant with the analytical tools and theoretical discussions presented in the literature. Slides, which have been graciously provided by Gérard Roland, will be used to facilitate the learning process. Attendance in all sessions is required. **East European Studies** Students are expected to make a 20-minute presentation in a week of their choice in **weeks 2-10. Economics and Public Economics** students are expected to make a 20-minute presentation in **weeks 11-16**. The course grade is defined by a final exam/research paper (depending on degree program pursued) in the end of the semester.

Required Textbooks:

Seminar

1. Kotsonis, Yanni. *States of Obligation: Taxes and Citizenship in the Russian Empire and the Early Soviet Republic*, University of Toronto Press 2014.
2. Harrison, Mark (Ed.). *Guns and Rubles: the Defense Industry in the Stalinist State*. Yale-Hoover Series on Stalin, Stalinism, and the Cold War. Yale University Press 2008.
3. Harrison, Mark. *Accounting for War: Soviet Production, Employment, and the Defense Burden, 1940-1945*. Cambridge University Press, Russian, Soviet, & Post-Soviet Studies 1996.
4. Gregory, Paul. *The Political Economy of Stalinism: Evidence from the Soviet Secret Archives*. Cambridge University Press 1994.
5. Kornai, Janos. *The Socialist System: The Political Economy of Communism*. Princeton University Press 1992.
6. Roland, Gérard. *Transition and Economics: Politics, Markets and Firms*. MIT Press 2004.

Lecture

1. Tadelis Steven. *Game Theory: An Introduction*, Princeton University Press, 2013.
2. Osborne Martin J. *An Introduction to Game Theory*, Oxford University Press, 2004.

Grade:

Final Exam: Economics and Public Economics Masters Students.

Research Paper: East European Studies/Political Science/IR Masters Students

Part I: The Economic System of the Russian Empire**Week 1: Fiscal Policy*****Seminar: Fiscal Instruments and Tax Reforms in 18th and 19th Centuries***

- Kotsonis, Ch. 1 and 2.

Lecture: Static Games of Complete Information I

- Tadelis, Ch. 3.
- Osborne, Ch. 11.

Week 2: Monetary Policy & Industrialization***Seminar: The Imperial Ministry of Finance in the post-Crimean era***

- Barkai Haim. "The Macroeconomics of Tsarist Russia in the Industrialization Era: Monetary Developments, the Balance of Payments, and the Gold Standard", *Journal of Economic History*, Vol. 33, No. 2 (June 1973): 339-371.
- Gregory Paul and John Sailors. "Russian Monetary Policy and Industrialization, 1861-1913", *Journal of Economic History*, Vol. 36, No. 4 (December 1976): 836-851.
- Kahan Arcadius. "Government Policies and the Industrialization of Russia", *Journal of Economic History*, Vol. 27, No. 4, 460-477, December 1967.
- Kipp Jacob W. "M. Kh. Reutern on the Russian State and Economy: A Liberal Bureaucrat during the Crimean Era, 1854-60", *Journal of Modern History*, Vol. 47, No. 3 (September 1975): 437-459.
- Owen Thomas C. "The Russian Industrial Society and Tsarist Economic Policy, 1867-1905", *Journal of Economic History* Vol. XLV, No. 3 (September 1985): 587-606.

Lecture: Static Games of Complete Information II

- Tadelis, Ch. 4.
- Osborne, Ch. 12.

Week 3: The Gold Standard***Seminar: The Witte System***

- Drummond Ian M. "The Russian Gold Standard, 1897-1914", *Journal of Economic History*, Vol. 36, No. 3 (September 1976): 663-688.
- Crisp Olga. "Russian Financial Policy and the Gold Standard in the End of the Nineteenth Century", *Journal of Economic History*, Vol. 6, No. 2 (December 1953): 156-172.
- Crisp Olga. "The Russian Liberals and the 1906 Anglo-French Loan to Russia", *The Slavonic and East European Review*, Vol. 39, No. 93 (June 1961): 497-511.
- Garvy George. "Banking under the Tsars and the Soviets", *Journal of Economic History* Vol. 32, No. 4 (December 1972): 869-893.
- Von Laue T.H. "A Secret Memorandum of Sergei Witte on the Industrialization of Imperial Russia", *Journal of Modern History*, Vol. 26, No. 1 (March 1954): 60-74.

Lecture: Static Games of Complete Information III

- Tadelis, Ch. 5.
- Osborne, Ch. 2 and 3.

Week 4: Finance & Revolution

Seminar: Financial Policy & the Origins of Revolutions

- Weir David R. "Tontines, Public Finance and Revolution in France and England, 1688-1789", *Journal of Economic History*, Vol. 49, No. 1 (March 1989): 95-124.
- White Eugene Nelson. "The French Revolution and the Politics of Government Finance", *Journal of Economic History*, Vol. 55, No. 2 (June 1995): 227-255.
- Powell Robert. "Monopolizing Violence and Consolidating Power", *Quarterly Journal of Economics* (2013): 807-859.
- LaPorta Rafael, Florencio Lopez-De-Silanes and Andrei Shleifer. "Government Ownership of Banks", *Journal of Finance*, Vol. 57, No. 1 (February 2002): 265-301.
- Dewatripont E. and E. Maskin. "Credit and Efficiency in Centralized and Decentralized Economies", *Review of Economic Studies*, Vol. 62, No. 4, 541-555, October 1995.
- Dower Paul C. and Andrei Markevich. "A History of Resistance to Privatization in Russia", *Journal of Comparative Economics*, Vol. 42, No. 4, 855-873, December 2014.
- Chernina Eugenia, Paul C. Dower and Andrei Markevich. "Property rights, land liquidity and internal migration", *Journal of Development Economics*, Vol. 110, 191-215, September 2014.

Lecture: Static Games of Complete Information IV

- Tadelis, Ch. 6.
- Osborne, Ch. 4.

Part II: Topics in the Soviet Economy

Week 5: The Making of the Soviet Union

Seminar: Early Soviet Union & New Economic Policy

- Harrison Mark. "Why did NEP fail?", *Economics of Planning*, Vol. 16, No. 2, 57-67, 1980.
- Johnson Simon and Peter Temin. "The Macroeconomics of NEP", *Economic History Review*, Vol. 46, No. 4, 750-767, November 1993.
- Antel John and Paul Gregory. "Agricultural Surplus Models and Peasant Behavior: Soviet Agriculture in the 1920s", *Economic Development & Cultural Change*, Vol. 42, No. 2, 375-386, January 1994.
- Gregory Paul and Mark Harrison. "Allocation under Dictatorship: Research in Stalin's Archives", *Journal of Economic Literature*, Vol. 43, No. 3, 721-761, September 2005.
- Harrison Mark. "Primary Accumulation in the Soviet Transition", *Journal of Development Studies*, Vol. 22, No. 1, 81-103, 1985.

Lecture: Dynamic Games of Complete Information I

- Tadelis, Ch. 7.
- Osborne, Ch. 5.

Week 6: The Political Economy of Stalinism

Seminar: Information & Enforcement in the Stalinist Economic System

- Harrison (2008), Ch. 1-9.
- Gregory (1994), Ch. 1-5.
- Harrison Mark. "The Fundamental Problem of Command: Plan and Compliance in a Partially Centralized Economy", *Comparative Economic Studies*, Vol. 47, 296-314, 2005.
- Gregory Paul and Aleksei Tikhonov. "Central Planning and Unintended Consequences: Creating the Soviet Financial System, 1930-1939", *Journal of Economic History*, Vol. 60, No. 4, 1017-1040, December 2000.

- Gregory Paul, Philipp Schröder, and Konstantin Sonin. "Rational dictators, and the killing of innocents: Data from Stalin's archives", *Journal of Comparative Economics*, Vol. 39, No. 1, 34-42, March 2011.

Lecture: Dynamic Games of Complete Information II

- Tadelis, Ch. 8.
- Osborne, Ch. 6.

Week 7: The Economics of World War II

Seminar: The Economics of the Soviet Defense Industry

- Harrison (1996), 1-8.
- Harrison Mark. "Prices, Planners and Producers: an Agency Problem in Soviet Industry, 1928-1950", *Journal of Economic History*, Vol. 58, No. 4, 1032-1062, December 1998.
- Markevich Andrei and Mark Harrison. "Quality, experience and monopoly: the Soviet market for weapons under Stalin", *Economic History Review*, Vol. 59, No. 1, 113-142, February 2006.

Lecture: Dynamic Games of Complete Information III

- Tadelis, Ch. 9.
- Osborne, Ch. 7.

Week 8: Fundamentals of Central Planning

Seminar: Economic Models, Coordination & Power

- Kornai, Ch. 1-8.

Lecture: Dynamic Games of Complete Information IV

- Tadelis, Ch. 10.
- Osborne, Ch. 14 and 15.

Week 9: Economics of Shortage

Seminar: Investment, Employment & Shortage

- Kornai, Ch. 9-12.
- Kornai Janos. "Resource-Constrained vs. Demand-Constrained Systems", *Econometrica*, Vol. 47, No. 4 (July 1979): 801-819.

Lecture: Dynamic Games of Complete Information V

- Tadelis, Ch. 11.
- Osborne, Ch. 16.

Week 10: The Soviet System of Incentives

Seminar: Planners & Managers

- Weitzman Martin L. "The New Soviet Incentive Model", *Bell Journal of Economics*, Vol. 7, No. 1 (Spring 1976): 251-257.
- Murrell Peter, "The Performance of Multi-period Managerial Incentive Schemes", *American Economic Review*, Vol. 69, No. 5 (December 1979): 934-940.
- Bonin John P. and Alan J. Marcus, "Information, Motivation and Control in Decentralized Planning: The Case of Discretionary Managerial Behavior", *Journal of Comparative Economics*, Vol. 3, No. 3 (September 1979): 235-253.

Lecture: Static Games of Incomplete Information I

- Tadelis, Ch. 12.
- Osborne, Ch. 9.

Part III: The Political Economics of Transition**Week 11: Introduction to Transition Economics*****Seminar: Transition & Reform***

- Roland, Ch. 1.
- Roland, Ch. 2.
- Roland G. "The Political Economy of Transition". *Journal of Economic Perspectives* Vol. 16(1): 29-50.

Lecture: Static Games of Incomplete Information II

- Tadelis, Ch. 13.

Week 12: Economics & Politics of Reforms***Seminar: Reform & Privatization***

- Roland, Ch. 3 (with slides).
- Qian Y. and C. Xu, (1993) "Why China's Economic Reforms Differ: The M-Form Hierarchy and Entry/Expansion of the Non-State Sector" *Economics of Transition* 1: 135-170.
- Roland, Ch. 4.
- Frydman Roman, Cheryl Gray, Marek Hessel and Andrej Rapaczynski (1999), "When Does Privatization Work? The Impact of Private Ownership on Corporate Performance in the Transition Economies", *Quarterly Journal of Economics* 114 (4): 1153-1191.
- Bolton, Patrick and Gérard Roland, (1992), "Privatization in Central and Eastern Europe", *Economic Policy*, 15: 276-309.

Lecture: Dynamic Games of Incomplete Information I

- Tadelis, Ch. 15.
- Osborne, Ch. 10a.

Week 13: Liberalization***Seminar: Methods of Liberalization & the Output Fall***

- Roland, Ch. 6 and 7.

Lecture: Dynamic Games of Incomplete Information II

- Tadelis, Ch. 16.
- Osborne, Ch. 10b.

Week 14: Government & Institutions***Seminar: Government Collapse, Economic Performance & Legal Systems***

- Roland, Ch. 8.
- Pistor K., M. Raiser and S. Gelfer. "Law and Finance in Transitional Economies" *Economics of Transition*, 8 (2): 325-368. 2000.
- Roland Gérard and Thierry Verdier. "Law Enforcement and Transition". *European Economic Review* 47 (2003): 669 - 685.

Lecture: Dynamic Games of Incomplete Information III

- Tadelis, Ch. 18.

Week 15: The Soft Budget Constraint

Seminar: Managerial Incentives & Business-Government Relations

- Roland, Ch. 9 and 12.
- Qian Yingyi and Gérard Roland. "Federalism and the Soft Budget Constraint". *American Economic Review*, Vol. 88 (5): 1998.
- Dewatripont M. and E. Maskin. "Credit and Efficiency in Centralized and Decentralized Economies", *Review of Economics and Statistics*, Vol. 62 (4): 541-555, 1998.
- Grigoriadis Theocharis. "Aid Effectiveness and the Soft Budget Constraint: EU Development Aid to the former Soviet Union", *Economics Letters*, Vol. 112, No. 3 (September 2011): 287-289.

Lecture: Review I

Week 16: Restructuring, Bureaucracy & Property Rights

Seminar: Restructuring & State Capacity

- Roland, Ch. 10 and 11.
- McFaul Michael. "State Power, Institutional Change, and the Politics of Privatization in Russia". *World Politics* Vol. 47, No. 2 (Jan. 1995): 210-243.
- Carlin Wendy, Colin Mayer, Hans-Werner Sinn, and Vittorio Grilli. "Restructuring Enterprises in Eastern Europe", *Economic Policy*, Vol. 7, No. 15, (October 1992): 312-352.
- Zhuravskaya Ekaterina V. "Incentives to provide local public goods: Fiscal federalism, Russian style". *Journal of Public Economics* Volume 76, Issue 3, June 2000: 337-368.
- Olson Mancur. "Dictatorship, Democracy and Development". *American Political Science Review*, Vol. 87, No. 3 (Sep., 1993): 567-576.

Lecture: Review II