

Economics of Transition

31504 (OE-Magister), Kernkurs Modul A, Teil 1 (OE-Master), 42038 (Wiwiss)

Time: Wednesday 8 a.m. – 10 a.m. (first meeting: October 17, 2007)
Location: HS 101, Garystr. 55 (Osteuropa-Institut)
Office hours: Friday 10 a.m. – noon, Room 101a , Garystr. 55.
Please make an advance appointment by e-mail.
Admission: Prior attendance of a course in economic principles (at least) is indispensable.

After the demise of the Soviet-type economic system, the countries of Central and Eastern Europe embarked on far-reaching changes of nearly all aspects of their economies. The course covers the starting points, the central tasks and the experiences (successes and failures) of the countries during the process – not everywhere complete – of transition. The example of Russia will figure prominently.

Structure: About half of the course will be based on the textbook by Marie Lavigne. The books by Berglöf & Roland, Estrin et al., Gros & Steinherr and Roland are recommended as additional readings. Articles will complement and update the material. Although the course is not primarily theoretical in nature, a number of models will be introduced.

Language(s): The course will be conducted in English. This can only help us. You need not be perfect in English, but you should be able to communicate. Exams may be written in either English or German.

Exams, grading, and credit points: There will be one mid-term and one final examination. The overall course grade depends – in equal measure – on both exams. It is strongly recommended that you attend all classes. The course gives you 4 ECTS credits.

Textbook(s):

Berglöf, Erik, Olivier Blanchard, and Gérard Roland (eds) 2007. *The Economics of Transition: The Fifth Nobel Symposium in Economics*. Palgrave Macmillan.

Estrin, Saul et al. 2007. *Transition and Beyond. Essays in Honor of Mario Nuti*. Palgrave Macmillan.

Gros, Daniel and Alfred Steinherr 2004. *Economic Transition in Central and Eastern Europe: Planting the Seeds*. Cambridge University Press.

Lavigne, Marie 1999. *The Economics of Transition. From Socialist Economy to Market Economy*, Second Edition. MacMillan Press/St. Martin's Press (London/New York).

Roland, Gérard 2000. *Transition and Economics: Politics, Markets, and Firms*. MIT Press, Cambridge, Mass.

Further Readings:

Alesina, Alberto, and Nicola Fuchs-Schündeln 2007. Good Bye Lenin (Or Not?): The Effect of Communism on People's Preferences. *American Economic Review*, Vol. 97, No. 4, September. A somewhat richer version is available as NBER Working Paper No. w11700, October 2005.

<http://papers.nber.org/papers/w11700.pdf>

Aghion, Philippe, and Olivier Blanchard 1994. On the Speed of Transition in Central Europe. *NBER Macroeconomics Annual 1994*, ed. by Stanley Fischer and Julio Rotemberg, MIT Press.

<http://papers.nber.org/papers/w4736.pdf>

Allen, Mark, and Rick Haas 2001. The Transition in Central and Eastern Europe: The Experience of Two Resident Representatives. *IMF Staff Papers*, Volume 48, Special Issue, May.

<http://www.imf.org/External/Pubs/FT/staffp/2001/04/pdf/allen.pdf>

Blanchard, Olivier, and Andrei Shleifer 2001. Federalism With and Without Political Centralization: China Versus Russia. *IMF Staff Papers*, Volume 48, Special Issue, May.

<http://www.imf.org/External/Pubs/FT/staffp/2001/04/pdf/blanchar.pdf>

Brune, Nancy, Geoffrey Garrett, and Bruce Kogut 2004. The International Monetary Fund and the Global Spread of Privatization. *IMF Staff Papers*, Volume 51, Number 2, August.

<http://www.imf.org/External/Pubs/FT/staffp/2004/02/pdf/brune.pdf>

Commander, Simon, Janos Kollo, and Andrei Tolstopiatenko 2004. Explaining Unemployment and its Persistence in the Transition Countries. Manuscript, September.

http://www.london.edu/assets/documents/PDF/commander_1.pdf

Fardmanesha, Mohsen, and Li Tan 2003. Wage and price control policies in transition economies. *Journal of Development Economics*, Vol. 70, Issue 1, February.

Fernandez, Raquel, and Dani Rodrik 1991. Resistance to Reform: Status Quo Bias in the Presence of Individual-Specific Uncertainty. *American Economic Review*, Vol. 81, No. 5, December.

Friedman, Eric, Simon Johnson, Todd Mitton 2003. Propping and Tunneling. NBER Working Paper No. w9949, September.

<http://papers.nber.org/papers/w9949.pdf>

Galbraith, James K., Ludmila Krytynskaia, and Qifei Wang 2004. The Experience of Rising Inequality in Russia and China during the Transition. *The European Journal of Comparative Economics*, Vol. 1, No. 1, pp. 87-106.

<http://eaces.liuc.it/18242979200401/182429792004010104.pdf>

Kornai, Janos 2003. Honesty and Trust in Light of Post-Socialist Transformation. Distinguished Lecture, New Economic School, Moscow, July.

http://post.economics.harvard.edu/faculty/kornai/papers/Beszelo_English.pdf

Stiglitz, Joseph E. 1999. Whither Reform. 10 Years of Transition. Keynote Address. Annual Bank Conference on Development Economics Washington, D.C., April.

<http://siteresources.worldbank.org/INTABCDEWASHINGTON1999/Resources/stiglitz.pdf>