

## Economic Systems

(V/Ü 42 143; Modul B, KK, 31 503)

Time: Wed 8:30-10 a.m. (1<sup>st</sup> meeting: April 15, 2009)

Location: Garystr. 55, HS 101 (Osteuropa-Institut)

Office hours: Fr 10– 11:30 a.m., Rm 101a, Garystr. 55  
(Please make an advance appointment by e-mail.)

**Structure:** Various economic systems (both, existing and not anymore existing) and the associated economic thinkers will be described, compared, and analyzed. Sufficient attention will be devoted to the traditional dichotomy „capitalism vs socialism.“ Beyond that, economic systems will be discussed from a variety of wider and richer perspectives. A considerable part of the course will cover the history of real-life economic systems. The transition from Soviet-type socialism to capitalism in Eastern Europe will also be covered, with the Russian example figuring prominently. Some recent fundamental analyses of the role of institutional set-ups will be discussed. An effort will be made to include references to the discussions on economic systems that are presently flourishing in the wake of the current economic crisis. Clearly, the course will not be *about* the crisis: However, certain lessons of relevance will be drawn where possible.

**Readings:** The material presented and discussed in the lectures will be basic for the course. Some of the presentations will however draw heavily on the papers and books given below.

**Language:** The course will be taught in English. This can only help us. You need not be perfect in English, but you should be able to communicate.

**Exams and grading:** There will be one mid-term and one final examination. The overall course grade depends – in equal measure – on both exams. For successful completion of the course, a passing grade has to be achieved in both exams. It is strongly recommended that you attend all classes.

## Literature:

Acemoglu, Daron 2009. Introduction to Modern Economic Growth. Princeton University Press, Chapters 4 and 23.

(A manuscript version is downloadable from <http://econ-www.mit.edu/files/2383> and <http://econ-www.mit.edu/files/2384>).

Acemoglu, Daron 2008. Oligarchic versus Democratic Societies. Journal of the European Economic Association, Vol. 6, No. 1, March.

Acemoglu, Daron, Simon Johnson, and James Robinson 2005. Institutions as the Fundamental Cause of Long-Run Growth. In: Philippe Aghion and Steve Durlauf (eds), Handbook of Economic Growth, Vol. 1, Part 1, Elsevier.

Draft version: <http://elsa.berkeley.edu/%7Echad/handbook9sj.pdf>

Acemoglu, Daron, James Robinson 2006. Economic Origins of Dictatorship and Democracy. Cambridge Univ. Press.

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>

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>

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>

Becker, Sascha O., and Ludger Woessmann 2009. Was Weber Wrong? A Human Capital Theory of Protestant Economic History. Quarterly Journal of Economics, Vol. 124, No. 2.

Draft version available as CES-Ifo Working Paper No. 1987, May.

<http://www.cesifo.de/wp>

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>

Djankov, Simeon, Edward L. Glaeser, Rafael La Porta, Florencio Lopez-de-Silanes, Andrei Shleifer 2003. The New Comparative Economics. Journal of Comparative Economics, Vol. 31, Issue 4, December (available online at the Universitätsbibliothek).

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.

Gregory, Paul R., and Robert C. Stuart 2003. Comparing Economic Systems in the 21st Century (7th edition). Houghton Mifflin.

Guiso, Luigi, Paola Sapienza, and Luigi Zingales 2006. Does Culture Affect Economic Outcomes? *Journal of Economic Perspectives*, Vol. 20, No. 2, Spring (available online at the Universitätsbibliothek).

Laeven, Luc, and Christopher Woodruff 2007. The Quality of the Legal Systems, Firm Ownership, and Firm Size. *The Review of Economics and Statistics*, Vol. 89, No. 4, November (available online at the Universitätsbibliothek).

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

La Porta, Rafael, Florencio Lopez-de-Silanes, and Andrei Shleifer 2008. The Economic Consequences of Legal Origins, *Journal of Economic Literature*, Vol. 46, No. 2 (also available as NBER Working Paper No. 13608, November <http://www.nber.org/papers/w13608>)

Myles, Gareth D. 2003. Comments on Hans-Werner Sinn, "The New Systems Competition" In: *Competition of Regions and Integration in EMU*, ed. by Österreichische Nationalbank, Wien, pp. 90-101.  
[http://www.oenb.at/en/img/vowi-tag\\_2002\\_tcm16-8873.pdf](http://www.oenb.at/en/img/vowi-tag_2002_tcm16-8873.pdf)

Sinn, Hans-Werner 2003. The New Systems Competition. In: *Competition of Regions and Integration in EMU*, ed. by Österreichische Nationalbank, Wien, pp. 77-90.  
[http://www.oenb.at/en/img/vowi-tag\\_2002\\_tcm16-8873.pdf](http://www.oenb.at/en/img/vowi-tag_2002_tcm16-8873.pdf)

Stiglitz, Joseph E. 2000. Whither Reform. 10 Years of Transition. *Annual World Bank Conference on Economic Development*, B. Pleskovic and J.E. Stiglitz (eds.), Washington: World Bank, 2000, pp. 27-56. Also Chapter 4 in *The Rebel Within*, Ha-Joon Chang (ed.), London: Wimbledon Publishing Company, 2001, pp. 127-171. (Originally presented on April 30, 1999.)  
[http://www2.gsb.columbia.edu/faculty/jstiglitz/download/1999\\_4\\_Wither\\_Reform.pdf](http://www2.gsb.columbia.edu/faculty/jstiglitz/download/1999_4_Wither_Reform.pdf)  
<http://siteresources.worldbank.org/INTABCDEWASHINGTON1999/Resources/stiglitz.pdf>