

Economies in Transition

Econ 380/Summer 2023

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Political economists stress the technical economic principles that one must understand in order to assess alternative arrangements for promoting peaceful cooperation and productive specialization among free men. Yet political economists go further and frankly try to bring out into the open the philosophical issues that necessarily underlie all discussions of the appropriate functions of government and all proposed economic policy measures.

James M. Buchanan

Throughout the 20th century the “Big” political and economic debate was between capitalism and socialism. The intellectual challenge to capitalism dates much further back in time, and the specific socialist challenge to the capitalist system dates to the 19th century and was most developed in the works of Karl Marx. But in the 20th century, those ideas were translated into public policy in one form or another throughout the world. At one point $\frac{3}{4}$ of the world population existed under communist and socialist rule. But these socialist political and economic systems began to fall apart in the 1970s-1980s and most collapsed in the late 1980s, and early 1990s.

Since that time, comparative analysis of political-economic systems has moved from the debate between socialism and capitalism to an examination of the political economy of transitioning societies from forms of socialism to new forms of capitalism. Along the way, the transitions have had many ups and downs. We now are focused on studying not only the former socialist economies, but the failed and weak states of Africa, Middle East, and Latin America, as well as the newly emerging economies of East Asia, and the newly opened economies of India and China.

The recent era of Globalization has lifted billions of people from extreme poverty. In 1980 roughly 40% of the global population lived on less the \$2 per day, in 2015 for the first time in human history less the 10% of the global population was living in that condition. At the same time, globalization has been a subject of tension and controversy in western democracies, and concerns with the global south and inequities in the world has produced heated exchanges and demands for action. This is also true with respect the costs of climate change on certain regions of the world.

Since 2008, we must now also deal with the causes and consequences of the global financial crisis and the vulnerabilities it exposed in the Western democratic systems of Europe and North America.

The current generation of economic commentators is now also addressing the political, economic and social consequences of inequality and social divisions. And each of these areas of concern were heightened, not lessened, during the Covid-19 global pandemic of 2020 and 2021, 2022 and continuing for the first half of 2023 (only on May 11th was the emergency authorization measures lifted). The consequences of Covid-19 policies have already been evident and need sorting to gain an understanding.

During the course of this class, it is my hope to give you an analytical framework for assessing economic systems and these pressing issues of public policy, as well as provide some historical context to the various theoretical debates, and some basic empirical results that cannot be ignored if intellectual progress is going to be made in our understanding of the political and economic reality of our time.

Semester Schedule

Week 1 5/22/23	Course Introduction and the “Big Questions” in Political Economy	Mitchell and Boettke chapter 1
Week 2 5/29/23	The Foundational Principles of Political Economy and Comparative Systems Analysis	Mitchell and Boettke, chapter 2
Week 3 6/5/23	The Socialist Calculation Debate	Caldwell, “Hayek and Socialism,” <i>Journal of Economic Literature</i> (1997)
Week 4 6/12/23	How Do Markets Work?	Mitchell and Boettke, chapter 3
Week 5 6/19/23	How Do Institutions Shape Economic Outcomes?	Mitchell and Boettke, chapter 4
Week 6 6/26/23	Politics as Exchange	Mitchell and Boettke, chapter 5
Week 7 7/3/23	The Collapse of Communism and its Aftermath	Murrell, “The Transition According to Cambridge, Mass.,” <i>Journal of Economic Literature</i> (1995).
Week 8 7/10/23	International Trade and Economic Development	Clemens, “Economics and Emigration,” <i>Journal of Economic Perspectives</i> (2011)
Week 9 7/17/23	The Re-imaging of Socialism in the 21 st Century	Boettke and Candela (2023) “On the feasibility of technosocialism,” <i>JEBO</i>
Week 10 7/24/23	The Smithian Liberal Plan for Liberty, Equality and Justice	Mitchell and Boettke, chapter 6

Assessment

There will be 7 written essay assignments. These will be worth 10 points each. You will also have a final assignment worth 30 points. Your grade will be based on a 100-point scale with 90 and above equal an A; 80 and above equal a B; 70 and above equal a C.

Office Hours

There will be no regular office hours, however, we are willing to address any questions about the course and the materials via email and set up an online meeting if that would be helpful with Mr. Truitt. In addition, we will hold a virtual meet and greet the first week of class, and then schedule another meeting during week 5 to address any questions or concerns, and then another week 9 to address any questions concerning the final assessment.

Learning Objectives for the Class

Upon completion of this course, you will:

- Understand the foundational issues involved in the analysis of comparative economic and political systems
- Understand the major debates that have motivated the literature in comparative economic and political systems
- Be able to synthesize the theoretical arguments and empirical evidence to contribute to the ongoing conversation about comparative economic and political systems