

SOUTHEAST MISSOURI STATE UNIVERSITY

COURSE SYLLABUS

Updated Spring 2010

Department of: Economics and Finance

Course No: UI349

Title of Course: Comparative Economic Systems

I. Catalog Description and Credit Hours of Course:

How market, mixed, planned, and developing economic systems are organized and function to obtain major economic, political, and social goals. 3 credit hours.

II. Interdisciplinary Nature of the Course:

This course will emphasize the interrelationships between the political system of a country, its economic system, and the historical development of both. Two hundred years ago, the political and the economic were united in the discipline of political economy. The works of Mill, Smith and Marx were writings on political economy. As the disciplines' knowledge increased, they split. While there are areas distinct to one and not the other, it has never been possible to look at a nation's economy without considering the political environment. In the words of George Stigler, "There can not be many things in man's political history more ancient than the endeavor of governments to direct economic affairs." (The Citizen and the State). Modern industrial countries tend to be judged both externally and internally in terms of economic performance. Therefore, no matter how insulated the political leaders and the political systems, they are vulnerable to economic conditions. Certainly this has been demonstrated by the changes in the former Soviet Union and Eastern Europe. Economic and political systems also exist in a historic context. For instance, different historical impacts such as the degree of dominance by Mongolian rulers may make it impossible for St. Petersburg and Moscow to follow the same post-Soviet route as Kiev. This course focuses on major industrialized and developing countries. It considers their economic objectives, measures their economic performances, and considers how these are influenced by their ideological, political, and historic perspectives.

III. Prerequisites:

Knowledge of both a basic economic and political system.
EC-101 or EC-215 and PS-103 or PS-104.

IV. Purposes or Objectives of the Course:

1. To introduce students to the fundamental problem of scarcity facing any economic system and the methods of economic analysis. (2)*
2. To expose the students to differing political and economic arrangements and how these in turn affect the organization, production, and distribution functions of an economy. (2, 4, 6)*
3. To create an awareness of the development and current status of differing economic systems and the political context within which they operate. (1, 2, 4, 6)*
4. To contrast and compare market, mixed, centrally planned, and developing economic systems with regard to their domestic and foreign economic and political behavior. (1, 2, 4, 6)*

5. To evaluate the performance of different economic systems in fulfillment of major economic goals and political objectives. (1, 2, 4, 6)*

V. Expectation of Students:

Students are expected to actively participate in classroom discussion and satisfactorily complete on time all assignments and examinations. Students will need to demonstrate critical thinking skills both orally and in written work.

| VI. Course Outline: | Weeks |
|---|--------------|
| <p>A. Introduction to Economic Systems (2, 4, 6)*</p> <ol style="list-style-type: none"> 1. Historic Development and Institutions of Capitalism. 2. Market Mechanisms, Economic Problems, and Government Policies. 3. Historic Development and Institutions of Socialism. 4. Historic Development and Institutions of Communism. 5. Goals of Economic Systems. | 4-5 |
| <p>B. The United States and Other Mixed Economic Systems. (1, 2, 4, 6)*</p> <ol style="list-style-type: none"> 1. Characteristics of Mixed Economic Systems 2. Case Study - The United States 3. Case Study - Great Britain 4. Case Study - France 5. Case Study - Japan 6. Impact of European Union and Other Trade Blocs | 4 |
| <p>C. Centrally Planned Economic Systems (1, 2, 4, 6)*</p> <ol style="list-style-type: none"> 1. The Planning Model 2. Reform and Revolution 3. Case Study - The Soviet Union to Commonwealth 4. Case Study - German Reunification 5. Case Study - Hungary, Poland, and Czechoslovakia | 4 |
| <p>D. Developing Economic Systems (1, 2, 4, 6)*</p> <ol style="list-style-type: none"> 1. Characteristics of Countries, Obstacles and Recommendation for Development 2. Case Study - China 3. Case Study - Mexico | 2-3 |

4. Case Study - Nigeria

VII. Textbook(s) and Other Materials:

- A. Schnitzer, Martin C. Comparative Economic Systems.
Eight Edition. Cincinnati: Cengage, 2000.
- B. Recommended:
The Wall Street Journal
The Economist
U.S. News & World Report
Time
Newsweek
Publications of the International Monetary Fund,
United Nations, and Organization for Economic
Cooperation and Development.

VIII. Basis for Student Evaluation:

| | |
|---|-----|
| Three/four essay tests | 60% |
| Current topics notebook and informed classroom discussion (Guidelines will be given in class) | 20% |
| Research paper (See attached guidelines) | 20% |

*University Studies objectives that are emphasized significantly

IX. Instructor Qualifications:

Ideally this course would be team taught by an economist, political scientist, and historian. However, given the economic emphasis it is anticipated guest lecturers, (faculty, students, and representatives of foreign countries) will be invited to discuss topics and countries about which they have special knowledge but the course will be taught by an instructor in the Economics department who has considerable knowledge in the area of comparative (international) economics.

X. **Justification for Inclusion in the University Studies Program**

Objective 1: Demonstrate the ability to locate and gather information. Emphasis: Significant.

Content

Students will be responsible for obtaining information on current economic and political conditions in all countries discussed and for the assigned research paper.

Teaching Strategies

Weekly discussion will be held on current conditions in the assigned countries. The instructor will suggest where students may locate sources of material.

Student Assignments

Students will be responsible for maintaining current events notebooks on the countries assigned. These will contain collections of articles from varied sources: The Economist, The Wall Street Journal, U.S. News & World Report, etc. In addition, a term paper will be assigned requiring the student to research economic and political conditions in a country not discussed in class.

Student Evaluation

The notebook and class discussion of current events will comprise 20% of total grade. The assigned paper will also represent another 20% of total grade.

Objective 2: Demonstrate capabilities for critical thinking, reasoning, and analyzing. Emphasis: Significant.

Content

The course presents the different routes a number of economies have taken to deal with the problem of allocating limited resources toward the goals of their societies. Students will be expected to compare, contrast, and evaluate how well the economies discussed have accomplished their objectives. They will also be expected to analyze the objectives themselves and compare the differing approaches and objectives of economic systems. The approach to the accomplishment of economic objectives and sometimes even the objectives themselves are determined in the political arena.

For instance, all major developed and most developing economies stress economic growth. However, approaches vary significantly from country to country depending on the relationship between government and business. In Japan due to the close relationship between government and business, policies are a joint effort and (at least until recently) one voice speaks for both. Historically, the organization of the Zaibatsus and its revival in the Keiretsus has led to a relatively small group moving freely between government and business to give the economy its direction. At the opposite pole is the increasingly adversarial government and business relationship in the United States. This is expressed in the antitrust laws, environmental protection legislation and other responses to populist demand. The historical development of populism and consumer protection with their antibusiness stance are important factors in how the United States economy pursues growth. Likewise, Great Britain with its strong labor party, France with its planning system, the former soviet-type economies and the Soviet Union with their emphasis on Marxian ideology, all have different approaches to the goal of economic growth. The material benefits of

economic growth must frequently be weighed in terms of the social costs of environmental damage. Collective versus individual benefits must be considered. A favorable investment tax structure may promote growth, and it will certainly benefit some. However, is it equitable?

Teaching Strategy

Students will be exposed to the manner in which economic data are organized to address the question of how well the economy is performing. Differing goals and objectives of economic systems will be discussed extensively as will the major theoretical framework for Marxist, socialist, and capitalist approaches to economic problems.

Student Assignments

Students will be expected to read extensively concerning different economic systems as to both their theoretical basis and how such systems have evolved in practice. They will be expected to be able to compare and contrast the effectiveness of economic systems in allocating resources. How the political system impacts the economic system and the historical context surrounding both will provide a major challenge for students as they are asked to understand, analyze, and evaluate economic systems in environments which are politically, culturally, and historically quite different from their own.

Student Evaluation

The three/four essay tests (60%) will be designed to test the students' understanding of the different approaches to economic questions both in theory and practice. Students will be expected to critically evaluate these approaches as to why countries succeed or fail in accomplishing major economic objectives. They will also be asked to make judgments as to the quality of life which results. The political climate (liberalism, statism, or Marxism) and its conflict or parallel with economic goals will play an important role in this assessment. The term paper will require a critical analysis and evaluation of conditions and expected outcomes in the country studied.

Objective 3: Demonstrate effective communication skills. Emphasis: Considerable.

Content

Discussion of current economic conditions will be a portion of each class in the units on the various economies (15-20 minutes).

Teaching Strategies

Time will be set aside during classes on the various economies to discuss material students have collected for their notebooks. Essay tests and a term paper will be used to test written communication. Students will be required to turn in rough drafts of term papers. These will be reviewed by the instructor. Suggestions will be made on both composition and content. Essay tests will be graded on content but returned with suggestions on composition.

Student Assignments

Students will be expected to maintain current events notebooks and participate in classroom discussion. They will also be required to satisfactorily complete three/four essay examinations and one term paper.

Student Evaluation

Students will be evaluated on the basis of the notebook (20%) with a component (5%) based on informed class discussion. The three/four essay examinations (60%) and term paper (20%) will test written communication.

Objective 4. Demonstrate an understanding of human experiences and the ability to relate them to the present.

Emphasis: Significant.

Content:

Any economic system in existence today has developed within a historical context. The influences of Marxism, socialism, and capitalism are evident in the varied approaches economies take to solving economic problems. The political system which evolved to implement Marxian ideology and its efforts to direct the economic system to the accomplishment of Marxian goals such as industrialization has had a profound effect on lives throughout the world. Likewise, the impact of socialism has contributed to the belief that industrializing societies, even those moving from a very small economic base as in many East European countries, must move forward with a comprehensive social network.

Teaching Strategies

The instructor will lead the class in discussion of the leading historical and philosophical influences on the major economic systems in existence today. The Worldly Philosophers will be used as a supplement to the textbook.

Student Assignments

Students will be required to read selections from The Worldly Philosophers (on reserve in the library) in addition to material in the text.

Student Evaluation

Students will be tested for their knowledge of Marxism, socialism, capitalism and how these influence present day economies (20%).

Objective 5: Demonstrate an understanding of various cultures and their inter-relationships. Emphasis: Considerable.

Content

Economics is influenced by culture and in turn influences the culture itself. Cultural influences are emphasized in the case studies. For example, in looking at the states which were formerly part of the Soviet Union, both the influence of the Eastern Orthodox church and Islam must be considered. Those states most resistant to the centralization of power in Russia see themselves culturally and historically aligned with countries such as Turkey. Kiev and St. Petersburg have less in common than Bonn and Paris.

Teaching Strategies

In developing a model of an economic system it is important to introduce the major historical and cultural influences. These influences will be discussed and their impact considered. Guest lecturers who have either visited the country under discussion or are natives of that country will be asked to provide insight.

Student Assignments

Students will be expected to read materials assigned and participate in class discussions.

Student Evaluation

Essay examinations will require knowledge of cultures and their inter-relationships.

Objective 6. Demonstrate the ability to integrate the breadth and diversity of knowledge and experience. Emphasis: Significant.

Content

Economics has its roots in "political economy." In a course such as this, it is impossible to separate economics from the political system. The political system is a major determinant of how the economic system functions. Unless one understands Marxian ideology and a political system that sometimes took Marxian ideology quite literally, it is impossible to understand many of the problems facing the East European and former Soviet economies today. Why are distribution systems virtually nonexistent? Even if goods are produced, they don't get to market. Based on Marxian theory, all value was in production. Transportation and distribution were considered non-productive. National output figures for the Soviet Union did not even include the value of transportation services. What isn't counted because it is not valued by society doesn't have a high priority. Understanding this attitude is critical to assisting these countries in making the conversion to a market economy where distribution and marketing are important.

Likewise, understanding nations' attitudes requires historic, political, and economic perspectives. Traditionally the capitalist (liberal) free trade approach such as pursued by Great Britain earlier and the United States after World War II meets the economists' ideal of gains from comparative advantage (everyone gains by trade); however, as the hegemony (power structure) of international relationships break down, as now, protectionism and the interests of the nation state override economics.

Teaching Strategy

The instructor will spend considerable time discussing the influences of the political system both past and present. In the Soviet system, the economic system was inseparable from the political system. The difficulty this poses to the development of a new economic system can not be underestimated. The current power/trade struggle between the United States and Japan is both a political and economic issue.

Student Assignments

Students will be expected to study assigned material and participate in class discussion of these issues.

Student Evaluation

All essay examinations (60%) will have a component requiring integration of knowledge of the political system and other factors. In evaluating the economic goals of a country for a research paper, the student will be required to look at the influence of geographical, cultural, and political factors and make informed judgments as to their impact on economic goals.

Objective 7. Demonstrate the ability to make informed, intelligent value judgments.

Emphasis: Some

Content

Economics involves making choices. Nations make value judgments about both their economic system and its objectives. The impact of the political system and its ability to translate political values to the economic system will be considered. In the Soviet Union less than 5% of the people belonged to the communist party but by placing political functionaries at all levels of economic activity from the enterprise through Gosplan (the top planning agency), value judgments were controlled in line with Marxian ideology. For example, blue collar workers produced a product. Therefore, they contributed more and were paid better than professionals such as engineers and teachers.

The frequently destructive protectionist attitudes world-wide which were a contributing factor to the 1930s depression sacrificed industries involved in exports, such as U.S. agriculture, to the desire for domestic protection of industrial output. Possible tradeoffs and their implications will be considered. Economic theory emphasizes efficiency of resource allocation. Frequently society's idea of equity and efficiency are not the same. The protection of one domestic job in the shoe industry may cost \$150,000. Would resources be better spent training that worker for something else or even paying welfare? These involve value judgments and as such are settled in the political arena but economic costs need to be considered.

Teaching Strategies

The instructor will help students identify the economic objectives of various economic systems and the reasons for choosing these as well as potential trade-offs involved. The impact of the political system, history, culture, geography and other factors will be stressed. Guest lecturers with special expertise will be invited to interact with the class.

Student Assignments

Students will be required to read extensively about the political and economic systems of a number of countries. They will be asked to evaluate the choices made regarding goals and objectives as to how they reflect considerations such as equity versus efficiency, marginal social benefits versus marginal social cost, and the collective versus individual good.

Student Evaluation

As a component of the term papers (20%), the student will be required to analyze the current economic system of a country, assess its economic performance and make value judgments regarding its system and objectives.

Objective 8. Demonstrate the ability to make informed sensitive aesthetic responses.

Emphasis: Some.

Content

Students will be exposed to writings of a few major writers on political economy. The theories of political and economic liberalism and its socialistic modification, nationalism and Marxism will be explored. Liberalism, as set forth in the works of Smith, reaches a set of conclusions regarding the market and the good of society. Nationalism reaches another set of conclusions as does Marxism. Socialism looks at the distribution process and the role of the government in modifying or replacing the market economy. All are built on sets of assumptions with conclusions based on the reasoning processes of their proponents. The logic of these assumptions and conclusions will be studied. Based on the opinions of knowledgeable writers how they have fared historically will be considered.

Teaching Strategies

By exposing students to the reasoning processes others have used to make judgments about the welfare of society, it is hoped students will assimilate some of these reasoning processes and improve their ability to make aesthetic judgments. One may disagree with Smith or Marx but one should appreciate the beauty of their reasoning processes. These are especially important since time and analyses by other great thinkers have identified their strengths and weaknesses. By exposing students to the originators and the evaluators thoughts, they are presented with models for analyses.

Student Assignments

In addition to the textbook materials, students will be expected to read assigned portions of The Worldly Philosophers.

Student Evaluation

Essay tests will contain questions related to major differences in economic and political theories. Students will be asked to critique the theories and evaluate some of the criticisms made by others.

Objective 9. Demonstrate the ability to function responsibly in one's natural, social, and political environment. Emphasis: Considerable.

Content

Economics stresses the process of making economic decisions, all of which influence and are influenced by the natural, social, and political environments. Students will be exposed to a number of situations and how individuals in those environments respond. For example, countries handle health care differently. Although health care involves major economic considerations, the political environment influenced by cultural and historical factors has determined the path chosen in many countries. Why did Great Britain adopt national health insurance shortly after World War II? Why do other countries have different systems? Does the political and cultural environment of the United States account for proposals currently being made in the United States? These are some of the questions students will be challenged with.

A strong belief in the market economy's ability to solve problems as evidenced in the works of Smith leads to political liberalism and the attitude that the market will adequately serve the interest of the consumer, business and in turn the state. Expressed in more modern terms "What

is good for GM is good for the United States." On the other hand, the consumers of Japan frequently have paid the price of Japan's march for economic power. As Japan has sought economic and possibly increasing world dominance politically, individual interest has been sacrificed.

Teaching Strategy

The instructor will discuss with the students responses to a number of economic situations past and present. Possible responses that individuals could make or could have made in differing economic and political environments will be considered. The trade offs involved will be analyzed carefully. Certainly it is necessary to consider social benefits versus social costs in areas such as health care. What is the benefit of universal coverage as opposed to freedom of choice for those who could otherwise purchase coverage? What is the cost in terms of resources that could be used elsewhere? All these issues have to be considered. In the trade issue, what about the collective versus individual good or consumer versus state? The instructor will help the students to realize that all decisions have costs as well as benefits because sacrifices must be made. Hopefully, this will lead to a pattern of thought which results in recognizing and evaluating both benefits and costs.

Student Assignments

Students will be expected to read about and consider responses individuals are making to different economic conditions in the world today as well as studying the effects of past decisions.

Student Evaluation

At least some essay questions will be directed toward "What would you do?" given the situation in a certain country. In the research papers, students will be expected to make and defend judgments about what a country should do.

Guidelines for Research Paper (UI-349)

A paper will be required. This paper should describe current economic conditions in a selected country with particular attention to market or non-market approaches to solving economic questions. All papers must include at least a two page summary/analysis based on your conclusions and demonstrating economic knowledge.

The due date for the paper will be the beginning of class _____. A grading penalty will be assessed for late papers. A rough draft of the paper must be given to the instructor for review and suggestions between _____ and _____. The draft will be returned within one week.

Possible topics are attached. Others may be suggested by students and approved by the instructor. Topics should be selected no later than the end of the second week of class. After one student has a topic approved, no other student may select the same topic.

Papers must adhere to a generally accepted format. Spelling and grammar are important. All paraphrased or quoted information must be footnoted. (See Holt handout on paraphrased information). A complete bibliography must be attached. Five sources are a minimum. These must come from at least three different periodicals or books. Only one source (for the purpose of historical background) may be more than one year old. Papers may be done on a word processor and should be from ten to fifteen pages, double spaced.