

# CET Syllabus of Record



**Program:** CET Prague: Summer Internship

**Course Title:** European Economies in Transition

**Course Code:** PR/IBUS 250

**Total Hours:** 45

**Recommended Credits:** 3

**Primary Discipline / Suggested Cross Listings:** International Business / Economics, Political Science

**Language of Instruction:** English

**Prerequisites/Requirements:** Prior coursework in economics is recommended but not required

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## Description

This course develops students' understanding of European economies with an emphasis on the economics of transition. Within the frame of the European Union and the context of other national economic systems, the course focuses on the particular economic history of the Czech Republic and Central/Eastern Europe, with a view to implications for policy-making and business activities in post-transition countries.

In particular, the course focuses on applying economic analysis to the comparison of different economic systems and understanding of functioning of those systems with an emphasis on transition economies. It also aims to introduce contemporary challenges within the European Union and Central European political and business environments.

A significant component of the course will be spent testing theories against context-specific case studies, and students are therefore encouraged to actively participate in facilitated, hands-on discussions, presentations, and field visits.

## Objectives

By the end of the course students are able to:

1. Understand the basic economic structure of the European Union and how both transitioning and the developed EU economies cooperate in solving EU and global political, economic, and business challenges.
2. Understand the gradual transition process of the former socialist economies toward EU standards, considering objective reasons for differences among the regions and countries, and major contemporary economic and political issues related to the EU.

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3. Understand theories of capitalism and socialism, the functioning of central planning, and selected topics related to corporate governance under central planning and other non-market arrangements.
4. Understand the Soviet and Chinese models of socialism and their impact on current developments in economies in the EU as well as on other economies worldwide.
5. Through an examination of the transition processes in Czechoslovakia and the Czech Republic, understand economic issues facing the Czech Republic.
6. Introduce and employ basic analytical methods of economics and other disciplines to formulate relevant questions about economic systems and the transition process.
7. Apply previously acquired economic concepts and models in the field of comparative economic systems, compare key features of different economic systems from an international viewpoint, and locate data/information sources that are relevant to the problem under consideration and/or which support a particular point of view.
8. Examine policy options affecting systemic characteristics available to European government and industry leaders from an economics perspective.
9. Understand corporate governance specifics (strategic management and performance management in particular) of transition in selected key sectors of economy in the CEE countries.
10. Based on historical facts, understand determinants of development, current functioning, and future prospects of the European markets in transition.
11. Understand the current issues debated at the EU level, including an impact of recent world migration issues and security considerations.

### **Course Requirements**

#### Participation and Attendance

Active participation by students during the lectures is essential in this course. Students must come to class having completed assigned readings and being prepared to discuss them. Students are expected to abide by CET's Attendance Policy.

#### Exams

Exams consist of about 20 – 30 questions, combination of multiple choice and essay, testing the knowledge from lectures and readings.

#### Country Presentation

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Students select a country in consultation with the professor and prepare a 10-15 slide PPT covering the following:

1. Map/Population/Religion
2. GDP (separately net exports) / GDP(cap)
3. Economic and political system characteristics
4. Main economic activities (industries / agriculture)
5. Education / skills / commitment
6. Corporate governance characteristics
7. Risks
8. Relationships with EU / US

To obtain a grade, the country presentation must be delivered both as a hard copy and as an electronic document.

### Essay and presentation of the essay topic:

A 1500-2200-word academic essay on a topic determined in consultation with the professor. Proper citation and bibliographic references required. Any plagiarism will result in a failing grade.

Students will simultaneously prepare a short PPT presentation of the topic covered in the essay and present it in class.

To obtain a grade, essay and presentation of the essay topic must be delivered both as a hard copy and an electronic document.

### **Methods of Evaluation**

The final grade is determined as follows:

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| • Participation                                  | 15% |
| • Exam #1  | 15% |
| • Country Presentation                           | 15% |
| • Exam #2  | 15% |
| • Written homework                               | 15% |
| • Final Essay – EU related topic to be presented | 25% |

### **Primary Texts**

Aslund, Anders. *How Capitalism Was Built: The Transformation of Central and Eastern Europe, Russia, the Caucasus, and Central Asia*. New York: Cambridge University Press, 2013 (2<sup>nd</sup> ed.).

Aslund, Anders. *Building Capitalism: The Transformation of the Former Soviet Bloc*. New York: Cambridge, UK: University Press, 2002.

Estrin, S, G. Kolodko, S. G and Uvalic, M (eds). *Transition and Beyond*. Hampshire: Palgrave, 2007.

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- Gregory, Paul R. and Stuart, Robert C. *the Global Economy and its Economic Systems*. Mason, OH: South Western Cengage Learning, 2014.
- Gros, Daniel and Steinherr, Alfred. *Economic Transition in Central and Eastern Europe: Planting the Seeds*. Cambridge, UK: Cambridge University Press, 2004.
- Gros, Daniel and Steinherr, Alfred. *Winds of Change: Economic Transition in Central and Eastern Europe*. Longman Group, 1995.
- Roland, Gerard. *Transition and Economics: Politics, Markets, and Firms*. Cambridge, Mass: MIT Press, 2000.
- Rosser, J.B and Rosser, M.V. *Comparative Economics in a Transforming World Economy* (2nd ed.). Cambridge, MA: MIT Press, 2004,
- Suder, Gabriele. *Doing Business in Europe*. London: Sage Publications, 2011 (2<sup>nd</sup> ed.).

### Supplementary Texts

- Brixiova, Z & A. Bulir. "A Growth Slowdown in Bureaucratic Systems: An Issue Revisited". *IMF Working Paper* (2001)
- Dabrowski, Gomulka, Rostowski: "Whence Reform? Critique of the Stiglitz Perspective". *London: Center for Economic Performance* (2000)
- Ellerman, David. "Lessons from Eastern Europe's Voucher Privatization". *Challenge* (2001) 44, No. 4: 14-37
- Fries, S, Neven, D and Seabright, P. "Bank Performance in Transition Economies". *William Davidson Institute Working Paper* 505 (2002).
- Von Hagen, Strauch, Wolff. "East Germany: Transition with Unification, Experiment and Experiences". *ZEI working paper* (2002).
- Hofman, Bert and Wu, Jinglian. "Explaining China's Development and Reforms". *The International Bank for Reconstruction and Development / The World Bank, Working paper* No. 50 (2009).
- Kornai, János. "Ten Years After "The Road to a Free Economy": The Author's Self-Evaluation". *World Bank ABCDE Conference* (2000).
- Kornai, János. "The Great Transformation of Central and Eastern Europe – Success and Disappointment". *Economics of Transition*, Volume 14 (2), 207-244 (2006).
- Rutkowski, Jan. "Earnings Inequality in Transition Economies of Central Europe – Trends and Patterns During 1990s". *World Bank* (2001).
- Sabirianova, Svejnar, Terrell. "Foreign Investment, Corporate Ownership, and Development: Are Firms in Emerging Markets Catching Up to the World Standard?" *William Davidson Institute Working Paper* No. 734 (2005).
- Svejnar, Jan. "Transition Economies: Performance and Challenges." *Journal of Economic Perspectives*, Vol. 16, No. 1, Winter 2002.

### Outline of Course Content

#### Session 1 (week 1)

**Topic:** Introduction, Introducing of Key Economic Categories and Definition of an Economic System

- How to classify an entire economic system?
- How to compare among particular economic systems?

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- What are the conceptual bases for analyzing an economic system?
- What measures capture the critical essential features of an economy?

### **Session 2 (week 2)**

**Topic:** Economic Systems in Theory and Practice

- What are the key attributes of the market based economy? Discuss relevant challenges.
- How can the state policy control the economic growth?
- Political institutions: Democracy vs. Totalitarianism
- What does economic theory tell us about transition from one type of system to another?
- Economic Models: Anglo/Saxon, European, Soviet Command, and Asian Models
- What are the pros and cons of the Anglo/Saxon, the European and the Asian Models in view of the current economic downturn?

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### **Session 3 (week 3 and 4)**

**Topic:** EU Integration, Institutions, and Business Environment

- Country Specifics within the EU
- Challenges of the EU
- Do EU Institutions unite or divide Europe?
- Will the EU stay or will it be split? Pros and cons?
- Corporate governance in the EU

### **Session 5 (week 5)**

**Topic:** Systemic Change in a Global Perspective: Transition (Political, Economic and Business Environment in the Czechoslovakia before break of communism)

- What has been the real-world experience of different types of economic systems?
- What has been successful about them? Where have they stumbled or failed?
- How can the theories be applied to real behavior?
- What are the major conceptual issues, challenges in the transition process?

### **Session 6 (week 6)**

**Topic:** Transition in Practice: The Components (Political, Economic and Business Developments in the Czech Republic after break of communism)

- What are the difficulties an economy faces in making the transition from central planning to market based allocations?
- What are the advantages and political challenges of diminishing the involvement of the Government?
- What restructuring of the economic system is needed?
- What social mechanisms are required / available to enable the change to take place?
- What are the contemporary and future economic issues facing the Czech Republic? How are they perceived by the Government?

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## Session 7 (week 7)

**Topic:** European Markets in Transition and the Global Economy

- What issues do policy makers face in promoting market behaviors?
- What are the trading opportunities and challenges in transition?
- Demonstrate and discuss examples of transition approaches used. Discuss various positions of international investors.
- What is the role/responsibility of the world economic community before, during and after the transition?