

**FINAL VERSION WILL BE DISTRIBUTED ON THE FIRST DAY OF CLASSES**

## **SOCIALIST ECONOMY BEHIND THE IRON CURTAIN**

**EUS 3930 (Section 01BH)**  
**Tuesdays, Periods 5-6 TUR B310**  
**Thursdays, Period 6 TUR B310**

<b>Instructor information:</b>	Edit Nagy	<b>Office Hours:</b>	TBA
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### **Course Objectives:**

The course invites students to explore and better understand the economic and political ideas and functions of the so-called existing socialism in the 20<sup>th</sup> century. Economic concepts played important role at many stages of communist history, ranging from the utopia of war communism, through Stalinist political economy, all the way to the doctrines of workers' self-management and market socialism. The subject of the course is the slow and paradox learning process which ended with the collapse of the socialist system.

The model of the socialist plan economy has been formulated as an efficient and alternative method to the capitalism and market economy. This plan was created by the radical intellectuals (economists and other social scientists), revolutionaries, workers' movement leaders and ideologues of the communist state through the history. After few years of practice, it turned out that the project was defective and the whole structure had serious malfunctions from the beginning.

### **Course Goals**

The goal of the course is to help understand the history of communist economies and societies by exploring a long detour in the history of universal economic thought, the rise and fall of communist economics. Because the economic concepts will be discussed in the context of both communist history and (Western) economic theory, the students may develop a variety of skills in multi-disciplinary research on intellectual history. We will read and discuss a few (partly forgotten) classic texts written by communist political economists, their non-communist critics and historical analysts.

### **Grade Distribution:**

The breakdown for the course is as follows:  
- Class Participation (including attendance) 20%  
- 2 analytical essays @25%=50%  
- Final exam: 30%

Students will do two papers and a take-home final exam. One or both papers (depending on enrollment) will be presented in class. One paper will be on Case Studies of Soviet-type Systems and the second on the Socialist Possibilities in Light of Historical Experience.

**Make-up Exam Policy:** Students who have been granted an excused absence and miss a scheduled examination (because of illness, mandatory religious obligations, or other unavoidable circumstances), must rescheduled the make-up examination and take it within 72 hours of the original date. Failure to provide adequate notice may result in an unexcused absence.

### **Grading Scale:**

A = 94-100%	B+ = 87-89%	C+ = 77-79%	D+ = 67-69%	E = 59% and below
A- = 90-93%	B = 83-86%	C = 73-76%	D = 66-63	
	B- = 80-82%	C- = 70-72%	D- = 60-62	

\* A C- will not be a qualifying grade for major, minor, Gen Ed, Gordon Rule or College Basic Distribution credit. For more information see “Grades and Grading Policies” - <http://www.registrar.ufl.edu/catalog/policies/regulationgrades.html>

### **Participation/Attendance**

- 1-3 absences                      no effect on your grade
- 4-10 absences                    your grade will be lowered one “notch” (from an A to an A-, for example) for each unexcused absence
- 11-15 absences                   your participation grade will be an E
- 15 or more absences            you will receive a failing grade (E) in the course

- If you miss class for medical reasons, religious holidays, or for any other reason you consider valid, notify your instructor in advance (when possible). Be prepared to provide written documentation to explain your absence. These absences might be excused, and therefore would not affect your grade.
- Two late arrivals by more than 10 minutes count as one absence.

### **E-mail Policy**

University of Florida requires that you use your UF Gatorlink account for university (and class) related email communication. Please see <http://www.it.ufl.edu/policies/forwarding.html> to read more on this policy.

### **Office Hours**

Feel free to take advantage of office hours. It’s a good time to ask questions about class work and homework assignments.

### **Auditors**

Auditors are requested to complete assignments and prepare for class as if they were registered as regular students. If an auditor does not fulfill these requirements, he/she will be asked to withdraw from the course.

### **Academic Honesty**

Plagiarism and cheating will not be tolerated. Any example of Academic Dishonesty will be subject to the rules and regulations set forth in *The University Record: Undergraduate Catalogue, 2009-10* under “Student Responsibilities”. See <http://www.registrar.ufl.edu/catalog/policies/students.html> for more details.

### **Special Accommodation**

Students requesting classroom accommodation must first register with the Dean of Student Office. The Dean of Student Office will provide this documentation to the Instructor when requesting accommodation.

## **Tentative Class Schedule**

### **Reading assignments:**

This is tentative. As the course goes on, assignments will be reduced or expanded: so be alert for announcements in class or for a revised list of reading assignments. This is especially true of the articles and chapters of books to be distributed as handouts or made available on Electronic Reserve. But at least the “Required texts” won’t be changed.

### **Required texts:**

- Janos Kornai, *The Socialist System. The Political Economy of Communism*, Princeton UP 1992 (\*selected pages)
- Ivan Berend T, *Central and Eastern Europe, 1944-1993: detour from the periphery to the periphery*, Cambridge UP 1996. (\*selected pages)
- David Kennett -H. Stephen Gardner: *Comparative Economic System* Cengage Learning; 2<sup>nd</sup> edition (2013) (\*selected pages)
- Alexander Greschenkron: *Economic Backwardness in Historical Perspective*. Harvard UP 1962 (\*selected pages)

### **Week 1**

#### **Introduction**

Preview of the syllabus, discussion of course objectives, requirements, exams format, and important course dates etc. Historical movements of ideas, political parties and revolutionary action

Additional Readings:\* (explanation above)

Karl Marx-Friedrich Engels: *The Communist Manifesto: A Modern Edition*, Verso 1998. (Intro by Eric Hobsbawm and Part 1)

Eric Hobsbawm: *The Age of Capital: 1948-1975*, Vintage 1996. (pp. 9-29, 173-193, 208-230)

### **Week 2**

#### **Social and Economic Conditions in the mid-19<sup>th</sup> Century**

The role of technology in social change. Classes and the division of labor. Working class vs. agricultural laborers. Conditions of work. Labor, social and ideological movements in the second half of the 19<sup>th</sup> Century

Additional Readings:\* (explanation above)

Harry W. Laidler: *Social-Economic Movements*. Literary Licensing 2011. (1944) (part 4-5)

### **Week 3**

#### **Economic Interpretation of History. Economic concepts of Socialist/Communist Economy**

Marxism and Schools of Marxism. Private, state, and communal property. Fundamental differences between capitalism and socialism

Additional Readings:\* (explanation above)

Edwin Sligman: *The Economic Interpretation of History*. Political Science Quarterly. 1901-2, volume 16, pp. 612-640, volume 17, pp.71-98, 284-312

Maurice Dobb: *Economic Theory and the Problems of a Socialist Economy*. The Economic Journal 1933. Vol. 43. pp.588-598.

### **Week 4**

#### **The Anatomy of the Socialist Economy**

*EUS 3930, section 01BH – Socialist Economy Behind the Iron Curtain*

The Party and the State; Power and Ideology; The Socialist System's Sense of Superiority; Property, Planning and Direct Bureaucratic Control; Banking system; Money and Price; Investment and Growth; Employment and Wages

Additional Readings:\* (explanation above)

Erzsebet Szalai: *Socialism- An Analysis of Its Past and Future*. CEU Press. 2013. pp. chapter 1-2

## **Week 5**

### **The Traditional Soviet-type Planned Economy**

Origins, the main features and the performance of the Soviet Model

The „canonical“ sequence: war communism, the NEP paradigm, Stalinist political economy, reform economics; the “classical” model

Additional Readings:\* (explanation above)

Moshe Lewin: *The making of the Soviet System*. New York: Pantheon. 1985. 91-120. 209-240.

Stephen Kotkin: *Magnetic Mountain: Stalinism as a Civilization*. Berkley UCP 1995. 72-105.

## **Week 6**

### **Characteristics of a command economy and society**

Shortage Economy. Employment and Wages. Consumer Autonomy. Police state with ideological legitimacy.

Additional Readings:\* (explanation above)

A. Bergson: *Planning and Performance in Socialist Economies*. 1989.

## **Week 7**

### **Central Eastern Europe and the State Socialism**

Stalinist state socialism after 1948, Reforms, revolutions in the 1950s and 1960s, Post-Stalinist state socialism and its legitimization, Economic and social performance of state socialism

Additional Readings:\* (explanation above)

Mark Pittaway: *The Workers' State*. University of Pittsburg Press. 2012. pp. 174-202.

## **Week 8**

### **Varieties of Communist Economy – Case Study: Hungary (“Pannonian model”)**

Additional Readings:\* (explanation above)

Johanna Bockman: *Goulash Communism and Neoclassical Economics in Hungary*. Stanford Scholarship Online. June 2013.

## **Week 9**

### **Varieties of Communist Economy – Case Study: Yugoslavia (“Illyrian model”)**

Additional Readings:\* (explanation above)

Branko Horvat: *The Yugoslav Economic System*. Ruthledge Revivals. 1975. chapters 1, 4, 7

## **Week 10**

### **Varieties of Communist Economy – Case Study: China (“Exotic model”)**

Additional Readings:\* (explanation above)

Jan S. Prybyla: *Economic Problems of Communism: Case Study: China*. Asian Survey. 1982. pp. 1206-1237.

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M.J. Gordon: *China's Path to Market Socialism*. Challenge. Jan-Feb 1992. 53-56

### **Week 11**

#### **Shifting from the Classical System**

Political Liberalization; The Rise of the Private Sector; The Limits to Political Reform; Self-Management; Market Socialism

Additional Readings:\* (explanation above)

David Priestland: *The Red Flag. Communism and the Making of the Modern World*. Penguin Books. London 2010  
chapter 1

### **Week 12**

#### **Back to capitalism - Demise of the Soviet-Type System**

Temptation of social engineering; Propensity for Neoliberalism; Social change under Communism

Additional Readings:\* (explanation above)

Ellman and Kontorovich: *The Destruction of the Soviet Economic System*. 1998. chapter 1-2.

### **Week 13**

#### **Poland's Shock Therapy**

Additional Readings:\* (explanation above)

Kazimierz Poznanski, ed. *Stabilization and Privatization in Poland: An Economic Analysis of the Shock Therapy Program*. Boston: Kluwer Academic Publishers, 1993.

### **Week 14**

#### **Czech Republic**

Additional Readings:\* (explanation above)

Peter Rutland: *Thatcherism, Czech-style: Transition to Capitalism in the Czech Republic*. Telos no. 94, Winter 1992-93:103-129.

### **Week 15**

#### **Hungary: Inter-enterprise Ownership**

Additional Readings:\* (explanation above)

Eva Voszka: *The Revival of Redistribution in Hungary* Acta Oeconomica, vol 46, 1994: 63-78.

### **Week 16**

#### **Conclusion and Review**

Class discussion