

## COURSE SYLLABUS

### SOCIALIST ECONOMY BEHIND THE IRON CURTAIN MARX&MONEY: EASTERN EUROPEAN ECONOMY UNDER COMMUNISM

EUS 3930 (Section 01BH)  
EUH 3931 (Section 3D57)

Tuesdays, Periods 5-6 TUR B310  
Thursdays, Period 6 TUR B310

**Instructor information:** Edit Nagy  
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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%
- 3 review papers (week 5/week10/week15) @20 = 60%
- 1 classroom project @ 20%

Students will do a classroom project during the semester. Classroom projects (depending on enrollment) will be presented in class. One project will be on Case Study of Soviet-type Systems (classical or reform) in one of the socialist countries between 1945-1990.

**Make-up Exam/Presentation 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/presentation 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	

*EUS 3930, section 01BH – Socialist Economy Behind the Iron Curtain*  
*EUH 3931, section 3D57 – Marx&Money: Eastern European Economy under Communism*

For more information see “Grades and Grading Policies” - <https://catalog.ufl.edu/UGRD/academic-regulations/grades-grading-policies/>

### **Participation/Attendance**

- A good class participation grade depends on regular attendance and active participation in discussions and mini projects. Please come to class prepared! This means that you have read all the assigned materials and are prepared to answer the relevant study questions posted on the course website.
- **How to earn a high mark:** ask informed questions and make informed, substantive comment that demonstrate your understanding of the required readings. Your weekly performance in class discussion will be evaluated in the following way:  
0 = absent, did not speak in class that day or comments showed that you did not prepared for the class (did not watch visual materials, did not read the required reading)  
1 = participated in discussion in a meaningful way (understood the readings and could ask informed questions)  
2 = excellent performance (sophisticated analysis of readings, made connections between readings, added information/theory form outside of readings)
- **Unexcused absence** (for example: when you don’t notify the course instruction via email) will count as two points. Tardy arrival or leaving the class before class is dismissed, except on break, will count as one point. Grade penalties will be imposed proportional to the excess over five points
- Students are also required to **visit one office hour during the semester** (preferably between week 4 and week 10) and talk to the course instructor about his/her progress.
- 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.

Absences:

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

### **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/#email> to read more on this policy.

### **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.

<https://registrar.ufl.edu/courses/audit>

### **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.

<https://drc.dso.ufl.edu/services/academic-accommodations/>

### **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 *Undergraduate Catalogue, 2018-19* under “Academic Regulations”.

See <https://catalog.ufl.edu/ugrad/current/Pages/home.aspx> for more details.

### **Office Hours\***

Feel free to take advantage of office hours. It’s a good time to ask questions about class work and homework assignments. Students are also required to visit one office hour during the semester (preferably between week 4 and week 10) and talk to the course instructor about his/her progress and the midterm project.

## **Tentative Class Schedule**

### **Week 1**

#### **Introduction**

Preview of the syllabus, discussion of course objectives, requirements, grades, class participation and important course dates etc.

### **Week 2**

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

General review of capitalism. Industrial revolution in England and its impact on European Society. Historical movements of ideas and revolutionary action in the 19<sup>th</sup> century (isms). Fundamental differences between capitalism, socialism and communism

#### Reading:

Ivan T. Berend: *History Derailed*, UC Press 2003. (chapters: 4)

Ian Armour: *History of Eastern Europe 1840-1918*. Hodder Education 2012. (chapter 8)

### **Week 3**

#### **The Ideology**

Marxism (Dialectical Materialism, Historical Materialism and Marxist Economics), Schools of Marxism.

#### Reading:

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

### **Week 4**

#### **Economic Interpretation of History. Economic concepts of Socialist/Communist Economy – Lenin's policies**

Russia in the beginning of the 20<sup>th</sup> century/Russia in the WWI. Lenin's revolution and consequences. War Economy and the NEP

#### Reading:

Chen Yen-shih: *Lenin's Fight Against Revisionism and Opportunism*. Foreign Language Press 1965. (chapter 18)

Sheldon L. Richman: *War Communism to NEP: The Road from Selfdom*. The Journal of Libertarian Studies, Vol. V. Winter 1981. pp.89-97.

### **Week 5**

#### **Economic Interpretation of History. Economic concepts of Socialist/Communist Economy – Stalin's policies**

Origins, the main features and the performance of the Soviet Model. Stalin's political economy, reform economics; the "classical" model

#### Reading:

R.W. Davies-Melani Ilic-Oleg Khlevnyuk: *The Politburo and Economic Policy-making*. in: A.E. Rees - The Nature of Stalin's Dictatorship 2003. (chapter 4)

### **Week 6**

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

The Antecedents and Prototypes of the Socialist System, Stalinist state socialism after 1945

#### Reading:

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

*EUH 3931, section 3D57 – Marx&Money: Eastern European Economy under Communism*

Janos Kornai: *The Socialist System*. Princeton University Press.1992. chapter 2

## **Week 7**

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

The Power: The Party and the State; Mass organizations (Labor Unions), Repression and the Totalitarian Nature of Power

The Ideology: The Socialist System's Sense of Superiority, The Basic Promises, The Self-Legitimation and Paternalistic Nature of Power, Discipline, Willing Sacrifice and Vigilance

#### Reading:

Janos Kornai: *The Socialist System*. Princeton University Press.1992. chapter 3-4

## **Week 8**

### **Characteristics of a command economy and society - 1**

Property (criteria and rights), Property forms before the Socialist System, State-Owned Firm, Other State Property forms, The Cooperative,

#### Reading:

Janos Kornai: *The Socialist System*. Princeton University Press.1992. chapter 5

## **Week 9**

### **Characteristics of a command economy and society -2**

Planning and Direct Bureaucratic Control: Subject of Planning, Elaboration of the Planning. Plan implementation and Management, Motivation of Leaders in the Economic Bureaucracy

#### Reading:

Janos Kornai: *The Socialist System*. Princeton University Press.1992. chapter 7

## **Week 10**

### **Characteristics of a command economy and society - 3**

Money and Price: The financial system under the socialist system. Institution of the financial system and the structure of the financial processes – banking, the state budget and the money-holding sectors that control money flow. Administrative consumer prices, market prices and non-price signals.

Employment and Wages: characteristics of labor allocation in the short and long term, direct bureaucratic control of employment and wages

#### Reading:

Janos Kornai: *The Socialist System*. Princeton University Press.1992. chapter 8 and chapter 10

## **Week 11**

### **Characteristics of a command economy and society - 4**

Shortage and Inflation: The Phenomena and the causes

The Coherence of the Classical System - review

#### Reading:

Janos Kornai: *The Socialist System*. Princeton University Press.1992. chapter 11-12 and chapter 15

## **Week 12**

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

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

#### Reading:

Janos Kornai: *The Socialist System*. Princeton University Press.1992. chapter 16-24 (selected pages)

## **Week 13**

### **Varieties of Communist Economy - 1**

**Case Studies: 1. Hungary** (“Pannonian model”) **2. Yugoslavia** (“Illyrian model”)

#### Reading:

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

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

## **Week 14**

### **Varieties of Communist Economy - 2**

**Case Studies: 1. Czechoslovakia** (“Normalization”) **2. Poland** (“Shock Therapy”)

#### Reading:

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

#### Reading:

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

## **Week 15**

### **Varieties of Communist Economy - 3**

**Case Studies: 1. China** (“Exotic model”) **2. Other cases: Central American economies, Israel’s kibbutz**

#### Reading:

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

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

## **Week 16**

### **Conclusion and Review**