

Political economy of post-communist world

IR 216

Monday, Wednesday, Friday, 10–10, 50

Dewey Hall 4131

Ksvoboda_guest@rochester.edu

Office hours: Wednesday 11-12, other times upon email communication

Office: 101 Harkness Hall (The Skalny center)

Instructor: Karel Svoboda

Communism, since its inception, should have created a completely new, better world and a better man. The whole communist world was supposed to become uniform. However, the creation of uniformity failed and instead of this, the states went their own ways. Each of the states used different tactics in its transition from socialist society. The process resulted into a variety of social and political regimes, from such authoritative regimes with non-market economies as in Uzbekistan, Turkmenistan or Belarus on one side to market economy democracies in Central Europe. It is based on the assumption that the changes in the state's economy are never purely economic and that broader explanation tools must be employed.

The course combines topical and territorial approaches. Therefore, the first classes of each section (communism, transformation, post-communism) cover general topics in a comparative perspective while others elaborate the specific situation in the countries/regions. Nevertheless, it is not our aim to investigate the situation in each country in detail. We will also follow current events in the broad area so students are encouraged to follow news from the region. The topic of each of the classes may change in accordance to our needs; however, the weekly topics are firm.

Course objectives

Students should have knowledge of the transition process in the communist countries after absolving this course. We will discuss various topics, ranging from the nature of the communist economies themselves (what was different, what was the same as in market economies), through possible explanations (note, not exhaustive), why the transition towards a market economy went in the way it went, and what were and are the relations among the post-communist states.

After absolving this course, students should be able to:

- Understand the interrelations between economy and politics in the post-communist world
- Critically evaluate narratives, political and economic turnarounds

- Orient themselves in the pros and cons of the transformation strategies in their broad perspectives.
- Analyze the current events from a deeper perspective.

Course requirements:

Each section (communism, transformation, post-communism) will be finalized with the short test based on the readings and the discussions. Participation in the discussions is expected and its part of the evaluation. Students will also submit a final paper of approximately 6000 words. The proposals of the final papers (up to one page long) must be concluded until **February 11, 2013**. Its topic should cover more than two countries. Papers should follow the rules of academic work, using footnotes etc. Structure, clarity, persuasiveness of the argument, factual accuracy or sources used will be among the most important criteria for evaluation. **The deadline for the submission of the final paper is May 6, 2013 (email or paper form)**. Students are also required to write one book review (up to 2000 words) of a book you choose (not from the required books). The book must cover topics on more than two countries. Ability to highlight the book's strengths and weaknesses, clarity of the argument and the ability to "get" the main idea will be considered. **The deadline for the review is April 15, 2013.**

- Tests: 10%
- Final exam 20%
- Participation: 10%
- Final paper: 50%
- Book review 10%

Note that ignoring any part of the evaluation (with the exception of participation) leads to "fail" grade. The scale is 100-90% – A, 89-80 – B, 79-70 – C, 69 – 60 – D, less than 60 – F.

Prerequisites

No previous training in economy or other fields is required.

Academic honesty

All the texts submitted should follow the rules of academic honesty. Please, be sure that any sources used are quoted properly and that all the sources used are mentioned in the bibliography etc. Any violation of these rules will result in sanctions according to the University of Rochester:

<http://www.rochester.edu/College/ccas/AdviserHandbook/AcadHonesty.html> .

Readings

All obligatory readings may be obtained from the licensed databases (usually Proquest, Ebsco or Ebrary) of the University of Rochester (with the exception of Drahokoupil, Myant). Students are expected to find and download them individually. Additional materials will be placed to Blackboard along with the slides from the classes. Obligatory readings for each class are adjoined to their respective classes. The list of further readings follows the list of classes.

Required reading:

Drahokoupil Jan, Myant Martin, *Transition Economies: Political Economy in Russia, Eastern Europe and Central Asia*, John Wiley and son, 2011. (purchase suggested)

Gefforey Swain, Nigel Swain, *Eastern Europe Since 1945*, Palgrave-Macmillan, 1993 (alternatively any edition). (online-ebrary)

White, Stephen, *Communism and Its Collapse*. Routledge, 2001 (online-ebrary)

Further readings

There is huge a number of books and papers dealing with the topic. I suggest the following academic journals: Problems of Post Communism, Europe-Asia Studies, Communist and Post-Communist Studies, and many others. Factiva database is extremely useful for daily press. There are also some analytical webpages dealing with the area (Jamestown foundation, Radio Free Europe etc.). The list will be constantly updated, therefore, students are encouraged also to contribute to it.

Aslund Anders, *How Capitalism was Built: The Transformation of Eastern Europe, Russia and Central Asia*, Cambridge, 2007.

Brown Archie, *The Rise and Fall of Communism*, Ecco, 2009.

Csaba Laszlo, *The New Political Economy of Emerging Europe*, Budapest, 2007.

Frye Timothy, *Building States and Markets After Communism: The Perils of Polarized Democracy*, Cambridge University Press, 2010.

Gros Daniel and Steinherr Alfred, *Economic Transition in Central and Eastern Europe*, Cambridge, 2004.

Kornai Janos, *From Socialism to Capitalism: Eight Essays*, Central European University Press, New York, 2008.

Kornai Janos, *The Socialist System: The Political Economy of Communism*, Princeton University Press, 1992.

Syllabus

Week 1: Introduction

1. *January 16* Course objectives, introduction – readings assigned
2. *January 18* Communism, socialism, people's democracy, command economy basic terminology, its specifics,
 - a. Archie Brown, *The Rise and Fall of Communism*. Ecco, 2009, Chapter 6.
 - b. Stephen White, *Communism and Its Collapse*. Routledge, 2001, pp. 1-10.

Week 2: What was Communism?

The main objective of the week's work is to discuss the main features of communist regimes. It gives a basic understanding of the phenomena of communism and socialism.

3. *January 21* Martin Luther King Day – No classes
4. *January 23* Marxism, Marxism-Leninism
 - a. Communist manifesto,
<http://www.marxists.org/archive/marx/works/download/pdf/Manifesto.pdf>
5. *January 25* Political economy of communism-basic relations
 - a. Ludwig von Mises, *Economic Calculation in the Socialist Commonwealth*,
<http://mises.org/pdf/econcalc.pdf>
 - b. Gabriel Temkin, Karl Marx and the Economics of Communism: Anniversary Recollections, *Communist and Post-Communist Studies*, Vol. 31, No. 4, pp. 303–328, 1998.

Week 3: How it developed?

The week deals with the problems of setting the communist regimes, their varieties, and reforms. Why did the reforms collapse? What was so-called "Gulash socialism" or "Socialism with a human face"? How to understand the soft budget constraints?

6. *January 28* Installment of communist regimes in the Soviet Union, Eastern Europe and Asia
 - a. White Stephen, *Communism and Its Collapse*. Routledge, 2001, pp. 11-30.
7. *January 30* Reforms, New Economic mechanism, Prague spring
 - a. Jeremi Suri, The Promise and Failure of 'Developed Socialism': The Soviet 'Thaw' and the Crucible of the Prague Spring, 1964–1972, *Contemporary European History*, Volume 15, Issue 02, May 2006, pp 133-158
 - b. White Stephen, *Communism and Its Collapse*. Routledge, 2001, pp. 31-40.
8. *February 1* Teng Xiao-peng reform
 - a. Victor D. Lippit (2005): The political economy of China's economic reform, *Critical Asian Studies*, 37:3, 441-462
 - b. Allan Lawrance, *China under Communism*, Routledge 1998, Chapters 8-9, pp. 94-122.

Week 4: How did Communism collapse?

Real existing socialism, perestroika, glasnost.

9. February 4 Economic stagnation

- a. Valerie Bunce, The Political Economy of the Brezhnev Era: The Rise and Fall of Corporatism, *British Journal of Political Science*, Vol. 13, No. 2 (Apr., 1983), pp. 129-158
- b. Dina Rome Spechler & Martin C. Spechler (2009): A Reassessment of the Burden of Eastern Europe on the USSR, *Europe-Asia Studies*, 61:9, 1645-1657

10. February 6 Perestroika

- a. Åslund, Anders. *Russia's Capitalist Revolution : Why Market Reform Succeeded and Democracy Failed* (Washington D.C., PIIE, 2007), Chapters 2-3,

11. February 8 Why the system crashed?

- a. Mark Kramer (2011): The Demise of the Soviet Bloc, *Europe-Asia Studies*, 63:9, 1535-1590.

Week 5: Transformation – theoretical framework

What was the theoretical basis for transformation? What was the previous experience?

12. February 11 Test – Political economy of communism (based on the weeks 1-4)

13. February 13 Washington consensus

- a. John Williamson, What Washington Means by Policy Reform, <http://www.iie.com/publications/papers/paper.cfm?researchid=486>

14. February 15 Politics and economy

- a. Barbara Junisbai, Improbable but Potentially Pivotal Oppositions: Privatization, Capitalists, and Political Contestation in the Post-Soviet Autocracies, *Perspectives on Politics*, Volume 10, Issue 04, December 2012, pp 891-916.
- b. A. Pickel, Transformation theory: scientific or political? *Communist and Post-Communist Studies* 35 (2002) 105–114

Week 6: Transition

Practical implementation of the reforms.

15. February 18 Strategies of reforms

- a. Jeffries, Ian, *Guide to Economies in Transition* (London: Routledge, 1996), 17-64.

16. February 20 Privatization, stabilization, liberalization – why some states chose

- a. Andrew Barnes, Comparative Theft: Context and Choice in the Hungarian, Czech, and Russian Transformations, 1989-2000, *East European Politics and Societies* 2003 17: 533-565.

17. February 22 National roads towards capitalism

- a. Nigel Swain (2011): A Post-Socialist Capitalism, *Europe-Asia Studies*, 63:9, 1671-1695.

Week 7: Reforms and democracy

Do reforms need democracy? To what extent?

18. February 25 Reform and democracy

- a. Brad K. Blitz (2011): Evaluating Transitions: Human Rights and Qualitative Democracy in Central and Eastern Europe, *Europe-Asia Studies*, 63:9, 1745-1770

19. February 27 Reform and democracy

- a. Jan Fidrmuc, Economic reform, democracy and growth during post-communist transition, *European Journal of Political Economy*, Volume 19, Issue 3, September 2003, Pages 583–604

20. March 1 Informal structures

- a. Alena Ledeneva, Blat and Guanxi: Informal Practices in Russia and China, *Comparative Studies in Society and History* 2008;50(1): 118–144.

Week 8: Specifics of European post-Soviet economies

21. March 4 Russia's economic transition

- a. Andrei Schleifer, Daniel Treisman, A Normal Country? Russia after Communism. *Journal of Economic Perspectives*—Volume 19, Number 1—Winter 2005—Pages 151–174, http://www.economics.harvard.edu/faculty/shleifer/files/normal_jep.pdf

22. March 6 Ukraine

- a. David Lane, The Orange Revolution: 'People's Revolution' or Revolutionary Coup? *British Journal of Politics and International Relations*, Volume 10, Number 4, November 2008, pp. 525-549.

23. March 8 Belarus

- a. Grigory Ioffe and Viachaslau Yarashevich Debating Belarus: An Economy in Comparative Perspective, *Eurasian Geography and Economics*, 2011, 52, No. 6, pp. 750–779.
- b. Uladzimir M. Padhol and David R. Marples The 2010 Presidential Election in Belarus *Problems of Post-Communism*, vol. 58, no. 1, January/February 2011, pp. 3–16.

Week 9: Spring break

No classes during the period.

Week 10: Specifics of post-communist economies

24. March 18 Caucasus

- a. Jeffrey Mankoff, The Big Caucasus: Between Fragmentation and Integration, http://csis.org/files/publication/120326_Mankoff_BigCaucasus_Web.pdf
- 25. March 20 Central Asia – from communist past to oriental despotism
 - a. Richard Pomfret, Central Asia after Two Decades of Independence http://www.wider.unu.edu/publications/working-papers/2010/en_GB/wp2010-53/files/83476286684070152/default/2010-53.pdf
 - b. David Lewis (2012): Who's Socialising Whom? Regional Organisations and Contested Norms in Central Asia, *Europe-Asia Studies*, 64:7, 1219-1237.
- 26. March 22 Post-Soviet integration
 - a. Olga Shumylo-Tapiola The Eurasian Customs Union: Friend or Foe of the EU? 2012 Carnegie Endowment for International Peace, http://carnegieendowment.org/files/customs_union2.pdf
 - b. Alexander Libman (2011): Russian Federalism and Post-Soviet Integration: Divergence of Development Paths, *Europe-Asia Studies*, 63:8, 1323-1355

Week 11: Politics in the post-communist world

- 27. March 23 Test – post-communist transition (based on the weeks 5–10)
- 28. March 25 Peculiarities of the post-communist systems
 - a. Aleksandra Sznajder Lee (2011): After the Party, the After-Parties? The Effects of Communist Successor Parties on Economic Reform in Central and Eastern Europe, *Europe-Asia Studies*, 63:9, 1697-1718
- 29. March 27 Corruption, informal practices
 - a. Trends in Corruption and Regulatory Burden in Eastern Europe and Central Asia, World Bank Publication, 2011, http://siteresources.worldbank.org/ECAEXT/Resources/2011_report_fullreport.pdf
 - b. Leslie Holmes, Crime, organised crime and corruption in post-communist Europe and the CIS, *Communist and Post-Communist Studies* 42 (2009) 265/287

Week 12 Role of state in the economies

- 30. April 1 State capture
 - a. Andrei Yakovlev (2006): The evolution of business – state interaction in Russia: From state capture to business capture? *Europe-Asia Studies*, 58:7, 1033-1056,
 - b. Oxana Gaman-Golutvina (2008): Changes in Elite Patterns, *Europe-Asia Studies*, 60:6, 1033-1050
- 31. April 3 Welfare states
 - a. Mitchell A. Orenstein, Postcommunist Welfare States, *Journal of Democracy* Volume 19, Number 4 October 2008

http://www.pf.upol.cz/fileadmin/user_upload/PF-katedry/politologie/Postcommunist_welfare_states.pdf

- b. Rodger Potocki, Belarus – A tale of two elections, *Journal of Democracy*, Volume 22, Number 3, July 2011, pp. 49-63.

32. *April 5* Social policies in post-communism

- a. Roger Sapsford, Pamela Abbott, Trust, confidence and social environment in post-communist societies, *Communist and Post-Communist Studies*, 39 (2006) 59-71.
- b. Kornai, Janos (2002). "The Role of the State in a Post-Socialist Economy", Distinguished Lectures Series, No. 6, Leon Kozminski Academy of Entrepreneurship and Management (WSPiZ), Warsaw www.tiger.edu.pl/publikacje/dist/kornai.pdf

Week 13: Integration and disintegration

33. *April 8* Integration and fragmentation,

- a. Timothy Frye and Edward D. Mansfield, Fragmenting Protection: The Political Economy of Trade Policy in the Post-Communist World, *British Journal of Political Science*, Vol. 33, No. 4 (Oct., 2003), pp. 635-657 <http://www.columbia.edu/~tmf2/Fragmenting%20Protection.pdf>
- a. Richard Sakwa (2011): The Clash of Regionalisms and Caucasian Conflicts, *Europe-Asia Studies*, 63:3, 467-491.

34. *April 10* The Role of the EU in Eurasia

- a. Derek Averre (2009): Competing Rationalities: Russia, the EU and the 'Shared Neighbourhood', *Europe-Asia Studies*, 61:10, 1689-1713.

35. *April 12* The role of Russia in the post-Soviet space

- a. William Fierman (2012): Russian in Post-Soviet Central Asia: A Comparison with the States of the Baltic and South Caucasus, *Europe-Asia Studies*, 64:6, 1077-1100.
- b. Carol R. Saivetz, The ties that bind? Russia's evolving relations with its neighbors, *Communist and Post-Communist Studies*, 45 (2012) 401-412.

Week 14: Financial crisis

36. *April 15* Russia – a normal country?

- a. David Lane (2011): The Impact of Economic Crisis: Russia, Belarus and Ukraine in Comparative Perspective, *Journal of Communist Studies and Transition Politics*, 27:3-4, 587-604
- b. Mikhail Golovnin, Alexander Libman, Daria Ushkalova, Alexandra Yakusheva Is the USSR dead? Experience from the financial and economic crisis of 2008-2009, *Communist and Post-Communist Studies*, *Communist and Post-Communist Studies xxx* (2013) 1-14

37. *April 17* Ukraine – economic slump

- a. Richard Connolly & Nathaniel Copey (2011): The Great Slump of 2008–9 and Ukraine's Integration with the European Union, *Journal of Communist Studies and Transition Politics*, 27:3-4, 541-565

38. April 19 Central Europe

- a. Robert Bideleux (2011): Contrasting Responses to the International Economic Crisis of 2008–10 in the 11 CIS Countries and in the 10 Post- Communist EU Member Countries, *Journal of Communist Studies and Transition Politics*, 27:3-4, 338-363

Week 14: Is transition over?

39. April 22 China, Vietnam

- a. Christopher A. McNally, Sino-Capitalism China's Reemergence and the International Political Economy, *World Politics* 64, no. 4 (October 2012), 741–76.
- b. Balazs Szalontai & Changyong Choi (2012): The Prospects of Economic Reform in North Korea: Comparisons with China, Vietnam and Yugoslavia, *Europe-Asia Studies*, 64:2, 227-246

40. April 24 Energy as a policy tool?

- a. Evert Faber Van Der Meulen (2009): Gas Supply and EU–Russia Relations, *Europe-Asia Studies*, 61:5, 833-856.
- b. Robert W. Orttung and Indra Overland, Russia and the Formation of a Gas Cartel *of Problems Post-Communism*, vol. 58, no. 3, May/June 2011, pp. 53–66.

41. April 26 is transition over?

- a. Konstantin Sonin The end of economic transition Lessons for future reformers and students of Reform, *Economics of Transition*, Volume 21(1) 2013, 1–10

Week 15

42. April 29 post-communist nostalgia

- a. Sergiu Gherghina and Lina Klymenko, Why Look Back? Citizens' Attitudes Toward the Communist Regime in Belarus, Russia, and Ukraine, *Problems of Post-Communism*, vol. 59, no. 1, January/February 2012, pp. 55–65.

1. May 1 conclusions of the course – Does politics influence economy or vice-versa?

- a. No assigned readings

Suggested internet sources:

Analytical

- Central Asia Caucasus Analyst: <http://www.cacianalyst.org/>
- Gaidar institute for Economic Policy <http://www.iep.ru/en>
- Russian Analytical Digest <http://www.isn.ethz.ch/isn/Digital-Library/Publications/Detail/?lng=en&id=17933>
- The Jamestown Foundation (news and analyses) <http://www.jamestown.org/programs/edm/>
- The Carnegie Foundation <http://www.carnegie.ru/?lang=en>
- Eurasianet.org
- Osrodek studio wschodnych, <http://www.osw.waw.pl/en>
- Johnson's Russia List, <http://www.russialist.org/>

News

- Ria Novosti (English version) <http://en.ria.ru/>
- Radio Free Europe/Radio Liberty <http://www.rferl.org/>

Supportive materials

- Oligarchic democracy? http://www.osw.waw.pl/sites/default/files/Prace_42_EN.pdf
- Oleh Havrylyshyn, Fifteen Years of Transformation in the Post-Communist World
Rapid Reformers Outperformed Gradualists,
<http://www.cato.org/sites/cato.org/files/pubs/pdf/DPA4.pdf>

Video sources

- Interview with Mikhail Saakashvili,
<http://www.youtube.com/watch?v=PxZWpoNs5E0>
- The lost world of communism <http://www.youtube.com/watch?v=3dFdKjhg3k>
- Stephen Blank lecture on Central Asia
<http://www.youtube.com/watch?v=CS1RXZr81KM>
- Sergei Plekhanov: Russia and the West After the Cold War,
<http://www.youtube.com/watch?v=cjJPe9oFsTU>

In Russian

- Pro et Contra, Carnegie Endowment, <http://carnegie.ru/proetcontra/?lang=en>