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## **ECON 350 Transition to Market Economies in Former Socialist Countries (4 Credits)**

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Office: Department of Economics

### ***Course Description***

This course examines the transition process in the economic system of post-socialist countries. Students analyze the development of post-socialist countries prior to the reforms and factors that initiated the transition. Students learn the theory and specific country examples on how the reforms were implemented and their effect on the economy. The last part of the course discusses current economic situation in Eastern Europe and specifically in Ukraine; its relations with Russia and the European Union. By the end of the course, students will have a better understanding of the emerging market economies and be able to analyze the types of transition paths that different countries have implemented and their outcomes.

### ***Course Format***

This course combines lectures and discussions. Student participation is very important as the course is highly interactive.

### ***Attendance***

Attendance and class participation directly affect students' grade. Students are allowed two unexcused absences during the semester.

### ***Examinations***

There are two standard examinations throughout the semester. One will be scheduled near the midterm period, and the other as the final examination.

### ***Topical Course Outline, Tentative Class Schedule***

Week 1            *Course Introduction and Overview*

Weeks 2-3        *The Development of Post-Socialist Countries Prior to the Reforms*

The slowdown of economic output;

Non-effectiveness of businesses' production;



Overall deficit and lack of government funding.

Discussion Topics: Objective and subjective factors of transformation.

Weeks 4-6 *Implementation of the Market Economic System; the Goals of the Transition Period*

The goals and objectives of the transition in post-socialist countries;

Liberalization of economic activities, the freedom of trade and exporting, the end of central planning;

Liquidation of deficit-creating mechanisms, such as fixed prices;

The war on monopolies and the creation of market competition;

Structural transition, reaching the competitiveness of the products;

The development of new work motivation – ownership and involvement.

Discussion Topics: The main elements of reforms – content, contradictions and inter-connection.

Case Study: Transition to the market economy and the transition crisis.

Weeks 7-8 *Private Capital Formation*

Privatization of government companies;

Comparative analysis of privatization models;

Implementation of privatization programs;

The role of privatization in the transition of an economic system.

Discussion Topics: The subject of ownership and the ownership rights;

Labor unions vs. real owners;

Foreign investments, the methods of involvement and control;

Privatization and its economic influence;

Consequences of privatization;

Transformation of ownership rights and restructuring of businesses.

Case Study: Analysis of the influence of the transformation of ownership rights on the dynamics of economic development.

Weeks 9-10 *Comparative Analysis of Socio-Economic Dynamics of Post-Socialist Countries*

General and country specific rules of economic dynamics of the transition period;

Models of transformation: definitions, methods, and instruments of implementation;

Transformational crisis: its unavoidability and methods of overcoming;

Social consequences of reforms.

Discussion Topics:

Reforms in different countries and the speed of their implementation – is there a “better” way?



“Shock” and “evolutional” methods of post-socialist transition.

Case Study: The models of transformation.

Week 11 Midterm exam

Week 12 *Specifics of Transformational Direction in Ukraine*

The main directions and results of socio-economic transformation in Ukraine;

Correction in the transformational direction: the necessity and social dominance;

Restructuring of national economic system and its priorities;

Reforms in the government system.

Discussion Topics: What are the reasons for slowdown of the transition processes in Ukraine?

What are the most suitable directions for the transition in Ukraine?

Case Study: The analysis of the effectiveness of transition processes in Ukraine.

Week 13 *Formation of the Market as a Result of Transition*

Factors of micro-market;

Legislation and cultural aspects of business;

Differentiation of consumer markets.

Discussion Topics: What are the opportunities and the threats from outside factors for domestic businesses and foreign investors?

Case Study: The analysis of changes in outside factors that form the market in a transition economy.

Week 14 *International Aspects of Economic Development: New Strategic Partnerships*

The search for a strategic partnership;

Ukrainian-Russian economic connections;

Economic partnership between Ukraine and the European Union;

Guarantees of economic safety of a country.

Discussion Topics: How to secure guarantees of national economic safety?

Case Study: Ukraine and Russia during the transition: social factors, structures and institutions.

Week 15 *Global and Local Influences: Concept of Social Change in Post-Soviet World*

The influence of globalization on transition processes in post-socialist countries;

Formation of national competitiveness priorities;

The position of Ukraine in world economy.



Discussion Topics: Globalization and the position of post-socialist countries.

Case Study: The change in productivity of Ukraine within the world economic tendencies.

Week 16      *World Economic Crisis and the Stability of Transformation*

The influence of the world crisis on the economic system of post-socialist countries;

Main threats from world market players;

Government actions to lower the effect of the world crisis on the economy.

Discussion Topics: Does the world crisis mean the end of structural reforms in post-socialist countries?

What are the options for national businesses?

Week 17      *Conclusions and Overview*

Week 18      *Final Exam*

***Required Readings***

Course pack and handouts provided.

The information contained in the course syllabus may be subject to change with reasonable advance notice, as deemed appropriate by the instructor.