

Freie Universität Berlin
Maria Polugodina
Department of Economics
Institute of East European Studies
Summer Semester 2015

Economic History of Eastern Europe

Time and Location: Mondays, 14-16, Garystr. 55, OEI.

Office Hours: Mondays, 16-18, Garystr. 55, Room 105

Master OES: Methoden der Wirtschaftsgeschichte und der Ressourcenökonomie

Master Economics and Public Economics: Aktuelle Forschungsfragen der internationalen Finanzpolitik/ Current Research on International Public Economics

This course focuses on the economic history of Eastern Europe from economic theory perspective. The first part of the course discusses the consequences of the First World War and the emergence of new planned economies. The second part of the course follows the development and decline of the Eastern centrally planned economies in the postwar period. Finally, the third part of the course touches some issues of transition to market and East-West integration.

Exam: presentation (approx. 20 min) and research paper (20-25 pages)

1. Interwar period

- 1.1. World War I and collapse of the empires
- 1.2. Legacy of three empires: interwar Poland
- 1.3. Collectivization and industrialization in interwar Russia

2. Cold War period

- 2.1. Postwar growth and stagnation
- 2.2. The Cold War
- 2.3. Economic integration in the East
- 2.4. Macroeconomic disequilibria in planned economies
- 2.5. Repressed inflation and informal economy
- 2.6. Reforms and decentralization
- 2.7. Market Socialism in Yugoslavia
- 2.8. Collapse of the Soviet Union

3. Transition period

- 3.1. Institutional transition and economic stabilisation and growth
- 3.2. Mass privatization
- 3.3. Integration with the West

Week 1. World War I and collapse of the empires

- Osinsky, P. (2009). *From War to State Breakdown: A War-Centered Theory of the Early Twentieth Century European Revolutions*. Fourth Annual Conference in World History and Economics at Appalachian State University, Boone, NC, April 18th, 2009

Week 2. Legacy of three empires: interwar Poland

- Grosfeld, I. & Zhuravskaya, E. (2015) Cultural vs. Economic Legacies of Empires: Evidence from the Partition of Poland. *Journal of Comparative Economics*, 43, 55–75.
- Trenkler, C. & Wolf, N. (2005). Economic Integration across Borders: The Polish Interwar Economy. *European Review of Economic History*, 9, 199-231.
- Wolf, N. (2005). Path Dependent Border Effects: the Case of Poland's Reunification (1918–1939). *Explorations in Economic History*, 42, 414–438.
- Wolf, N. (2007). Endowments vs. Market Potential: What Explains the Relocation of Industry after the Polish Reunification in 1918? *Explorations in Economic History*, 44, 22–42.

Week 3. Collectivization and industrialization in interwar Russia

- Allen, R.C. (1997). Agricultural Marketing and the Possibilities for Industrialization in the Soviet Union in the 1930s. *Explorations in Economic History*, 34, 387–410
- Gregory, P.R. & Mokhtari, M. (1993). State Grain Purchases, Relative Prices, and the Soviet Grain Procurement Crisis. *Explorations in Economic History*, 30, 182-194.
- Remington, T. (1977) Trotsky, War Communism, and the Origin of the NEP. *Studies in Comparative Communism*, 10, 44-68.
- Wheatcroft, S.G., Davies, R.W. & Cooper, J. M. (1986). Soviet Industrialization Reconsidered: Some Preliminary Conclusions about Economic Development between 1926 and 1941. *The Economic History Review*, 39 (2), 264-294.

Week 4. Postwar growth and stagnation

- Bleaney, M.F. (1991). Explaining Economic Growth in the Soviet Union, 1950-86. *Economics of Planning*, 24, 121-133.
- Cameron, N.E. (1981). Economic Growth in the USSR, Hungary, and East and West Germany. *Journal of Comparative Economics*, 5, 24-42.
- Escoe, G.M. (1995). The Demise of Soviet Industry: A Regional Perspective. *Journal of Comparative Economics*, 21, 336-352.
- Gomulka, S. (1977). Slowdown in Soviet Industrial Growth: 1947-1975 Reconsidered. *European Economic Review*, 10, 37-49.
- Harrison, M. (1998). Trends in Soviet Labour Productivity, 1928-85: War, Postwar Recovery, and Slowdown. *European Review of Economic History*, 2, 171-200.
- Ofer, G. (1987). Soviet Economic Growth: 1928-1985. *Journal of Economic Literature*, 25 (4), 1767-1833.

- Weitzman, M.L. (1970). Soviet Postwar Economic Growth and Capital-Labor Substitution. *The American Economic Review*, 60 (4), 676-692.

Week 5. The Cold War

- Cox, M. (1990). From the Truman Doctrine to the Second Superpower Détente: The Rise and Fall of the Cold War. *Journal of Peace Research*, 27 (1), 25-41.
- Cromwell, W.C. (1982). The Marshall Plan, Britain and the Cold War. *Review of International Studies*, 8, 233-249.
- Ringmar, E. (2002). The Recognition Game: Soviet Russia against the West. *Cooperation and Conflict: Journal of the Nordic International Studies Association*, 37 (2), 115-136.

Week 6. Economic integration in the East

- Biessen, G. (1991). Is the Impact of Central Planning on the Level of Foreign Trade Really Negative? *Journal of Comparative Economics*, 15, 22-44.
- Brada, J.C. (1991). The Political Economy of Communist Foreign Trade Institutions and Policies. *Journal of Comparative Economics*, 15, 211-238.
- Holzman, F.D. (1985). Comecon: A "Trade-Destroying" Customs Union? *Journal of Comparative Economics*, 9, 410-423.
- Wipf, L.J. & Brada, J.C. (1975). The Impact of West European Trade Strategies on Exports to Eastern Europe. *European Economic Review*, 6, 155-171.

Week 7. Macroeconomic disequilibria in planned economies

- Brada, J.C. & Montias, J.M. (1984). Industrial Policy in Eastern Europe: A Three-Country Comparison. *Journal of Comparative Economics*, 8, 377-419.
- Charemza, W. & Quandt, R.E. (1982). Models and Estimation of Disequilibrium for Centrally Planned Economies. *Review of Economic Studies*, 49, 109-116.
- Grosfeld, I. (1987). Modeling Planners' Investment Behavior: Poland, 1956-1981. *Journal of Comparative Economics*, 11, 180-191.
- Podkaminer, L. (1988). Disequilibrium in Poland's Consumer Markets: Further Evidence on Intermarket Spillovers. *Journal of Comparative Economics*, 12, 43-60.
- Podkaminer, L. (1989). Macroeconomic Disequilibria in Centrally Planned Economies: Identifiability of Econometric Models Based on the Theory of Household Behavior under Quantity Constraints. *Journal of Comparative Economics*, 13, 47-60.
- Portes, R., Quandt, R.E., Winter, D. & Yeo, S. (1987). Macroeconomic Planning and Disequilibrium: Estimates for Poland, 1955-1980. *Econometrica*, 55 (1), 19-41.
- Welfe, W. (1991). Multisectoral Econometric Models of the Centrally Planned Economies and the Disequilibria. *Economics of Planning*, 24, 203-226.

Week 8. Repressed inflation and informal economy

- Alexeev, M. (1987). Microeconomic Modeling of Parallel Markets: The Case of Agricultural Goods in the USSR. *Journal of Comparative Economics*, 11, 543-557.
- Kim, B.-Y. (2003). Informal Economy Activities of Soviet Households: Size and Dynamics. *Journal of Comparative Economics*, 31, 532-551.
- Podkaminer, L. (1992). Retrading of Goods under Repressed Inflation: Implications for the Supply Multipliers. *Journal of Comparative Economics*, 16, 315-327.
- Sampson, S.L. (1987). The Second Economy of the Soviet Union and Eastern Europe. *Annals of the American Academy of Political and Social Science*, 493, *The Informal Economy*, 120-136.

Week 9. Reforms and decentralization

- Berkowitz, D. & Mitchneck, B. (1992). Fiscal Decentralization in the Soviet Economy. *Comparative Economic Studies*, 34 (2), 1-18.
- Litwack, J.M. (1990). Ratcheting and Economic Reform in the USSR. *Journal of Comparative Economics*, 14, 254-268.
- Solnick, S.L. (1996). The Breakdown of Hierarchies in the Soviet Union and China: A Neoinstitutional Perspective. *World Politics*, 48 (2), 209-238.
- Wolf, T.A. (1991). The Lessons of Limited Market-Oriented Reform. *Journal of Economic Perspectives*, 5 (4), 45-58.

Week 10. Market Socialism in Yugoslavia

- Estrin, S. (1991). Yugoslavia: The Case of Self-Managing Market Socialism. *Journal of Economic Perspectives*, 5 (4), 187-194.
- Kraft, E. & Vodopivec, M. (1992). How Soft Is the Budget Constraint for Yugoslav Firms? *Journal of Comparative Economics*, 16, 432-455.
- Vodopivec, M. (1993). Determination of Earnings in Yugoslav Firms: Can It Be Squared with Labor Management? *Economic Development and Cultural Change*, 41 (3), 623-632.

Week 11. Collapse of the Soviet Union

- Harrison, M. (2002). Coercion, Compliance, and the Collapse of the Soviet Command Economy. *The Economic History Review*, 55 (3), 397-433.
- Nell, G.L. (2011). Rent-Seeking, Hierarchy and Centralization: Why the Soviet Union Collapsed So Fast and What it Means for Market Economies. *Comparative Economic Studies*, 53, 597-620.

Week 12. Institutional transition and economic stabilisation and growth

- Beck, T. & Laeven, L. (2006). Institution Building and Growth in Transition Economies. *Journal of Economic Growth*, 11, 157-186.
- Brezis, E.S. & Verdier, T. (2003). Political institutions and economic reforms in Central and Eastern Europe: a snowball effect. *Economic Systems*, 27, 289-311.

- Campos, N.F. & Coricelli, F. (2002). *Growth in Transition: What We Know, What We Don't, and What We Should*. William Davidson Working Paper No. 470.
- Dewatripont, M. & Roland, G. (1995). The Design of Reform Packages under Uncertainty. *The American Economic Review*, 85 (5), 1207-1223.
- Roland, G. (2002). The Political Economy of Transition. *The Journal of Economic Perspectives*, 16 (1), 29-50.
- Svejnar, J. (2002). Transition Economies: Performance and Challenges. *The Journal of Economic Perspectives*, 16 (1), 3-28.

Week 13. Mass privatization

- Claessens, S. & Djankov, S. (2002). Privatization benefits in Eastern Europe. *Journal of Public Economics*, 83, 307-324.
- Frydman, R., Gray, C., Hessel, M. & Rapaczynski, A. (1999). When Does Privatization Work? The Impact of Private Ownership on Corporate Performance in the Transition Economies. *The Quarterly Journal of Economics*, 114 (4), 1153-1191.
- Laban, R. & Wolf, H.C. (1993). Large-Scale Privatization in Transition Economies. *The American Economic Review*, 83 (5), 1199-1210.
- Schmidt, K.M. (2000). The Political Economy of Mass Privatization and the Risk of Expropriation. *European Economic Review*, 44, 393-421.

Week 14. Integration with the West

- Baldwin, R.E. (1995). The Eastern Enlargement of the European Union. *European Economic Review*, 39, 474-481.
- May, J.B. (2009). Trade and Migration in an Enlarged European Union: A Spatial Analysis. *Global Economy Journal*, 9 (4), Article 3.
- Plümper, T., Schneider, C.J. & Troeger, V.E. (2006). The Politics of EU Eastern Enlargement: Evidence from a Heckman Selection Model. *British Journal of Political Science*, 36 (1), 17-38.