

Indiana University-Purdue University Indianapolis
Department of Economics
E 325: Comparative Economics

#23105, TR, 12-1:15 p.m., BS 2008
#19970, TR, 3:00-4:15 p.m., CA 225
Spring Semester, 2008

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This course introduces students to alternative ways of organizing economic activity at the national and firm levels. After presenting theoretical models of capitalism, bureaucratic planning, and decentralized market socialism, we examine how these systems have worked where they have been tried--in the USA, West Europe, Japan, the former USSR, Eastern Europe, and China. Following our study of national systems of economic organization, we also consider the possible advantages of introducing producers' cooperatives, profit-sharing, and not-for-profit enterprises into a market system like our own.

This course will satisfy these **IUPUI Principles of Undergraduate Learning**: (1) Express ideas and facts to others effectively in a variety of written formats, (2) Evaluate the logic, validity, and relevance of data, (3) Demonstrate substantial knowledge and understanding of at least one field of study, (4) Compare and contrast the range of diversity and universality in ...societies and ways of life.

E325 satisfies part of the **International Dimension requirement** of the Kelley School of Business.

Prerequisites: E201-2 (Principles) or their equivalents.

Course requirements and their weight in the final grade are:

Exercises and class participation	15%
Short paper	15%
Hour exams (2)	20% each
Final exam (Tuesday, April 29)	30%

Grading will be similar to other intermediate courses in Economics--about half A's or B's, the rest C's or lower. Students may work in pairs and submit a single exercise; both authors will receive the same grade. A grade of I (incomplete) will be given only to students who have completed all course requirements except the final. Students may withdraw with a grade of W at any time up to the last week, provided that appropriate signatures are obtained. Unexcused absences from exams will be penalized.

Warning! Plagiarism, the unacknowledged copying of others' work, will be penalized severely.

Course materials include the text, Paul Gregory and Robert Stuart, Comparing Economic Systems (7th edition, Houghton Mifflin, 2004), recommended for purchase at the IUPUI Bookstore. Supplementary readings will be drawn from Robert Kuttner, Everything for Sale (Knopf, 1998); Morris Bornstein, ed., Comparative Economic Systems: Models and Cases (7th ed., Irwin, 1994); Martin Weitzman, The Share Economy (Harvard paperback, 1984); and Burton Weisbrod, The Nonprofit Economy (Harvard paperback, 1988). Except for Bornstein, these may be purchased or borrowed from the IUPUI Library Reserve Desk.

COURSE SCHEDULE

1. (Week of Jan. 8) Introduction to the Systems Approach
Reading Assignment: Gregory and Stuart, ch. 1.
 2. Criteria for Judging Economic Systems
Gregory and Stuart, ch. 2
 3. The Normative Case for Market Results and the Critics
Gregory and Stuart, ch. 3
Film: "Created Equal," with Milton Friedman.
A. Okun, "Rewards in a Market Economy," in Bornstein (to be distributed).
Kuttner, chapters 1-3.
 4. The USA as a Mixed Capitalist Economic System
Gregory and Stuart, chs. 5 & 8 plus pp. 70-79.
Paper due Feb. 5: [4-6 pp] To what extent is it justified to sacrifice equality in America to achieve other goals? Briefly summarize the different views of Friedman, Okun, and Kuttner. Be sure to give reasons for your view based on objective information drawn from these sources or other reliable sources you have read.
 5. Varieties of Capitalist Experience: Western Europe
Gregory and Stuart, ch. 9.
 6. Varieties of Capitalist Experience: Japan
Gregory and Stuart, ch. 10
Film: "Inside Japan, Inc."
 7. The "Asian Model": the "Tigers" and India
 8. **Hour exam on Tuesday in class, on weeks 1-7.**
Theory of Central Planning-- Soviet Marxism Applied
Gregory and Stuart, pp. 62-64 and chapter 6.
Exercise #1 due Thursday, March 6.
 9. Why Did the Soviet Economy Collapse?
Gregory and Stuart, chs. 11 .
- SPRING RECESS, March 9-16**
10. China
Gregory and Stuart, ch. 12.
 11. Evaluation of communism in practice
Film: 'China'

Gregory and Stuart, chapter 13.

12. Reform models

Short film clip: "Poland"

Gregory and Stuart, chs. 4 (pp. 61-70, 79-87 only) and chapters 14-16.

13. Problems of Reform: Privatization, Stabilization, and Trade

Gregory and Stuart, chapters 17-20.

14. **Hour exam Tuesday on weeks 8-13.**

Alternative Models of Market Socialism: Market Socialism and Cooperatives

Gregory and Stuart, pp. 66-70, 142-55.

J. Vanek, "The Participatory Economy" in Bornstein, ch. 17.

Exercise #2 due Thursday, April 24.

15. The Not-for-profit sector and profit-sharing

Burton Weisbrod, The Nonprofit Economy, chs. 1, 2, 4, and 8.

Guest lecture by Prof. Richard Steinberg

Martin Weitzman, The Share Economy, chs. 1-4, 7, 8.

Gregory and Stuart, chs. 21-22.

Take-home exam questions distributed Thursday, April 24.

Final Examination--Tuesday, April 29, at 10:30-12:30 for **both sections in BS 2008**. Note: section number 19970 will have its exam on April 29, not May 1, but any conflicts with other exams will be accommodated on a case-by-case basis.

Write down the names, addresses, e-mail address, and phone numbers of fellow students for use if you miss a lecture, assignment, or handout.
