

# CET Syllabus of Term



**Program:** CET Prague

**Course Title:** European Economies in Transition

**Course Code:** PR250

**Total Hours:** 45

**Recommended Credits:** 3

**Suggested Cross Listings:** Economics, Political Economy, International Economics

**Language of Instruction:** English

**Prerequisites/Requirements:** none

**Professor:** Petr Balcar

**Email:** [balcar.petr86@gmail.com](mailto:balcar.petr86@gmail.com)

**Class Schedule:** Thursday 9:00-12:00, only Friday Jan 26 10:45 – 13:45

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## Description of the course

This course is required for the Business/Economics concentration. This course develops students' understanding of European economies with an emphasis on the economics of transition. Within the frame of the European Union and the context of other national economic systems, the course focuses on the particular economic history of the Czech Republic and Central/Eastern Europe, with a view to implications for policy-making and business activities in post-transition countries.

In particular, the course focuses on applying economic analysis to the comparison of different economic systems and understanding of functioning of those systems. It also aims to introduce contemporary dynamic challenges within the European Union and Central European political and business environments.

A significant component of the course will be spent testing theories against context-specific case studies and real world events. Students are therefore encouraged to actively participate in facilitated, hands-on discussions, presentations, and field visits.

## Objectives

By the end of the course students should be able to:

1. Understand the comparative economics theory in a historical context.
2. Understand the basic economic structure of the European Union and how both the transitioning and the developed EU economies cooperate in solving the EU and global political, economic and business challenges.
3. Understand the gradual transition process of the former socialist economies towards the EU standards, considering objective reasons for differences among the regions and countries, and major contemporary economic and political issues related of the EU.

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4. Understand the theory of capitalism and the theory of socialism in different forms, functioning of central planning and selected topics related to corporate governance under central planning and other non-market arrangements.
5. Understand the Soviet and Chinese models of socialism and their impact on current developments in the related economies in the EU as well as on other economies worldwide.
6. Through an examination of the transition processes in Czechoslovakia and the Czech Republic, understand economic issues the Czech Republic is facing.
7. Introduce and employ basic analytical methods of economics and other disciplines to formulate relevant questions about economic systems and the transition process.
8. Apply previously acquired economic concepts and models in the field of comparative economic systems, compare key features of different economic systems from an international viewpoint, and locate data/information sources which are relevant to the problem under consideration and/or which support a particular point of view.
9. Examine policy options affecting systemic characteristics available to European government and industry leaders from an economics perspective.
10. Understand corporate governance specifics (strategic management and performance management particularly) of transition in selected key sectors of economy in the CEE countries.
11. Based on historical facts, understand determinants of a gradual development, current functioning and future prospects of the European markets in transition.
12. Understand the current issues debated at the EU level, including an impact of recent world migration issues and security considerations.

### Course Method & Requirements

#### Participation and Attendance

Active participation by students during the lectures is essential in this course. Students must come to class having completed assigned readings and being prepared to discuss them.

It is the student's responsibility to make up work for any missed classes by communicating directly with the professor.

#### Exams

The exams consist of about 30 questions, combination of multiple choice and essay ones, testing the knowledge from lectures and readings.

#### Country Presentation

Students select a country in consultation with the professor and prepare a 10-15 slide PPT covering the following:

1. Map/Population/Religion
2. GDP (separately net exports) / GDP per capita
3. Economic and political system characteristics

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4. Main economic activities (industries / agriculture / services)
5. Education / skills / commitment
6. Corporate governance characteristics
7. Risks
8. Relationships with EU / US
9. Comments on a selected current country related topic – to be discussed with professor prior to the presentation

To obtain a grade country presentation must be delivered as both a hard copy and an electronic document.

### Essay and presentation of an essay topic:

A 1500-2200-word academic essay on a topic determined in consultation with the professor. Proper citation and bibliographic references required. Any plagiarism will result in a failing grade.

Students will simultaneously prepare a short PPT presentation of the topic covered in the essay and present it in class.

To obtain a grade, essay and presentation of the essay topic must be delivered both as a hard copy and an electronic document.

### Traveling Seminar

CET Prague's Traveling Seminar is a required, credit-bearing, field-based component of the course. Students are expected to complete required reading and written assignments related to the Seminar, which are factored into the final grade as outlined below. A presentation from a traveling seminar (TS) in this class on a selected course related topic, discussed with professor prior to this seminar, is required.

### **Methods of Evaluation**

The final grade is determined as follows:

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|--|-----|
| • Participation & Attendance                         | 20% |
| • Exam #1  | 15% |
| • Country Presentation                               | 15% |
| • Exam #2  | 15% |
| • Written homework and Traveling Seminar assignments | 15% |
| • Final Essay – EU related topic to be presented     | 20% |

Grade A: To get an A grade, you will have met all the criteria for a B. Moreover, you will demonstrate a sophisticated understanding of the topic and a critical engagement with the relevant literature. The work should have an intellectual coherence and originality of argument.

Grade B: You will be awarded a B if you have produced a focused and well-researched piece of work which demonstrates a good understanding of the topic. You will have constructed a clear piece of analysis which uses relevant examples and demonstrates engagement with the theoretical issues.

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Grade C: You will be awarded a C if you demonstrate that you have gone beyond lecture notes and used some relevant examples and academic sources to produce a clear argument that shows an understanding of the key aspects of the topic.

Grade D: You will be awarded a D if you have demonstrated some knowledge of the topic and evidence of having used at least two secondary sources. However, you will have based your essay largely on lecture notes and failed to develop an original explanation of the topics covered.

Grade F: F indicates failure

## Attendance Policy

Mandatory attendance is a primary requirement for a responsible learning experience. Please consider that every absence has the potential to lower the final grade, as it may affect the “attendance and participation” portion of your grade or result in missing key information that could appear on quizzes or exams. In addition, professors take attendance at the beginning of the class. If you are more than 10 minutes late, professors mark one hour of absence from class. Onsite visits count as regular class hours. A no-show to a site visit counts as an absence. Detailed information about the Attendance you will find in the **CET Prague Academic Policies**

## Grading scale:

A:	93-100%	C+:	77-79%
A-:	90-92%	C:	73-76%
B+:	87-89%	C-:	70-72%
B:	83-86%	D+:	67-69%
B-:	80-82%	D:	60-66%
		F:	59% and below

## Course Schedule

### Session 1 (2 weeks) J 26, F1

**Topic:** Introduction, Introducing of Key Economic Categories and Definition of an Economic System

- How to classify an entire economic system?
- How to compare among particular economic systems?
- What are the conceptual bases for analyzing an economic system?
- What measures capture the critical essential features of an economy?

Reading:

GEES: Ch 1 Economic History and Economic Systems

Ch 2 Definition and Classification of Economic Systems

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Ch 3 Economic Growth (understanding of economic categories)

CH 4 How Economic Systems Change

CH 5 The Setting of Economic Systems

### Institution Visit - Czech Invest F 5

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Visit to Prague Headquarters of Czech Invest, Presentation and Q&A Session with the Head of International Representation.

## **Company Presentation - Škoda Auto Mladá Boleslav F 12**

Presentation and Q&A Session with Company Representatives at CET premises.

## **Session 2 (2 weeks) F 8 (Wrap up for Test #1), F 22 (Test #1).**

**Topic:** Economic Systems in Theory and Practice

- What are the key attributes of the market based economy? Discuss relevant challenges.
- How can the state policy control the economic growth?
- Political institutions: Democracy vs. Totalitarianism
- What does economic theory tell us about transition from one type of system to another?
- Economic Models:
  - Anglo/Saxon
  - European
  - Asian
  - Soviet Command and
  - Chinese Market Socialism Models
- What are the pros and cons of the Anglo/Saxon, the European and the Asian Models in view of the current economic fluctuations?

### **Reading:**

GEES: Ch 6 Theory of Capitalism  
Ch 7 Theory of Planned Socialism  
Ch 8 Theory and Practice of Market Socialism  
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Ch 14 The Soviet Command Economy  
Ch 15 China: Party Dictatorship, Markets, and Socialism

*John Kay: "The Rationale of the Market Economy: A European Perspective, Capitalism and Society", Volume 4, Issue 3 2009 Article 1, The Future of Capitalism*

*P. Temin (1991): Soviet and Nazi economic planning in the 1930s. Economic History Review, XLIV, 4 (1991), pp. 573-593*

*Mancur Olson, "Dictatorship, Democracy, and Development", The American Political Science Review, Vol. 87, No. 3. (Sep.1993), pp. 567-576.*

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*Lazarev, V. and Gregory, P. "Commissars and Cars: A case study in the political economy of dictatorship", Journal of Comparative Economics, vol. 31 (2003), pp. 1-19*

*Gallagher Mary E, "Reform and Openness": Why China's Economic Reforms Have Delayed Democracy; World Politics, Vol. 54, No. 3 (Apr., 2002), pp. 338-372*

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*Chen Lin a, Ping Lin, Frank M. Song, Chuntao Li, Managerial incentives, CEO characteristics and corporate innovation in China's private sector, Journal of Comparative Economics 39 (2011) 176–190*

## **Company Visit - Škoda Auto Mladá Boleslav F 23**

B&E concentration day trip - Tour of Production, Museum Visit.

## **Guest Lecture for Traveling Seminar F 28, 18:00**

Economic and Business Environment in Central Europe by Ing. Petr Pavlík, CSc.

## **Session 3 (2 weeks) M 1, M 8**

**Topic:** Systemic Change in a Global Perspective: Transition - Political, Economic and Business Environment in Czechoslovakia before break of communism

- What has been the real-world experience of different types of economic systems?
- What has been successful about them? Where have they stumbled or failed?
- How can the theories be applied to real behavior?
- What are the major conceptual issues, challenges in the transition process?

### **Reading:**

GEES: Ch 16 An Introduction to Transition

Mau Vladimir; The Road to Perestroika: Economics in the USSR and the Problems of Reforming the Soviet Economic Order, Europe-Asia Studies, Vol. 48, No. 2 (Mar., 1996), pp. 207-224

Patrolling the Communist Iron Curtain - Watching the Volatile Border Between USSR & Free Europe:

<https://www.youtube.com/watch?v=segFpceQUFk>

## **Session 4 - Traveling Seminar I – M 15, M 22**

- Following a focused guest lecture given in Prague
- Economic Education and Development in CEU (CZ, PL, HU, A)
- Poland - attend university lecture and solve case study with locals; visit a local branch of a global company.
- CZ – visit local companies in Moravian cities such as Olomouc, Zlín, and Brno.
- Austria – visit Museum of Economics in Vienna; attend lectures.
- EU in Transition

Students will prepare presentations from the Traveling Seminar on in advance assigned topics and will share them in class

## **Traveling Seminar II M 19-22**

- Budapest - attend university lectures; meet local students and Q&A session with young entrepreneurs.

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## **Session 5 (2 weeks) M 29, A 12**

**Topic: Transition in Practice: The Components - Political, Economic and Business Developments in the Czech Republic after break of communism**

- What are the difficulties an economy faces in making the transition from central planning to market based allocations?
- What are the advantages and political challenges of diminishing the involvement of the Government?
- What restructuring of the economic system is needed?
- What social mechanisms are required / available to enable the change to take place?
- What are the contemporary and future economic issues facing the Czech Republic? How are they perceived by the Government?

### **Reading:**

GEES: Ch 17 Transition Economies: Output Patterns and Measurement Issues  
Ch 18 Introducing Markets: Privatization and the Decline of Government

*Brada Josef C., Privatization is Transition--Or is it?; The Journal of Economic Perspectives, Vol. 10, No. 2 (Spring, 1996), pp. 67-86*

*Estrin Saul, Hanousek Jan, Kočenda Evžen and Švejnar: Jan, The Effects of Privatization and Ownership in Transition Economies, Journal of Economic Literature, Vol. 47, No. 3 (Sep., 2009), pp. 699-728*

## **Session 6 (2 weeks) A 26, My 3**

**Topic: EU Integration, Institutions, and Business Environment**

- Country Specifics within the EU
- Challenges of the EU
- Do EU Institutions unite or divide Europe?
- Will the EU stay or will it be split? Pros and cons?
- Brexit and other EU disintegration trends
- Corporate governance in the EU

### **Reading:**

DBE: Ch 4: Institutional Players

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Ch 5: The Europeanization of a Business Environment

## **Session 7 (2 weeks) My 10, M 11**

**Topic: European Markets in Transition and the Global Economy**

- What issues do policy makers face in promoting market behaviors?
- What are the trading opportunities and challenges in transition?
- Demonstrate and discuss examples of transition approaches used. Discuss various positions of international investors.
- What is the role / responsibility of the world economic community before, during and after the transition?

### **Reading:**

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GEES: Ch 22 Prospects for 2050, Economic Institutions and Economic Prospects

Submitting and presenting the Final Essay:

Presenting of final essays

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Course wrap up