

# Political Science 259

## The Political Economy of Post-Communist Reform

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Office Hours: Tues 10-11 am

Fall 2006  
Tues 1:00-3:50  
3288 Bunche

### I. ABOUT THE SEMINAR

The seminar reviews major debates and ongoing research in the political economy of economic and political reform. The main focus is on the post-communist countries of Europe and the former Soviet Union, but there will also be some discussion of China, and some topics may even be relevant to Latin America. The goal is to review the state of knowledge on this subject and think about how one might design research to answer remaining questions. The emphasis is on relating empirical accounts to theories and concepts from political economy and comparative politics. The seminar will be oriented around student discussion.

### II. READINGS

Many of the required readings are available online, either via JSTOR or via other online databases of the UCLA library. I will make available a complete set of the other readings for each week, as discussed in class. Students with little background on the structure and operation of communist political and economic systems may wish to consult additional readings such as Janos Kornai's *The Socialist System* (Princeton University Press, 1992).

### III. REQUIREMENTS

Attendance and preparation are required. Participation in the discussion throughout the course will count for *25 percent of the course grade*.

Each student will write five two-page, double-spaced commentaries on the readings for five of the nine weeks from week 2 to week 10. Commentaries should evaluate the readings critically, perhaps focusing on themes or questions that arise in at least two of the assigned articles. They may note points of agreement or disagreement, and suggest what evidence or additional research might resolve the disagreements. These commentaries are due each week by 5 pm at my office on the Monday before the course meets. Late commentaries will not be accepted. These will count for *50 percent of the course grade*.

Each student will make at least one brief (no more than 10 minute) presentation during class sometime in weeks 3-9. Each presenter will serve as "discussant" for one article from that week's readings (to be

arranged in advance, from among those readings marked “D” below). The model is that of a discussant on a conference panel. Each presenter should first briefly summarize the questions addressed, methods, and conclusions of the relevant paper, and then evaluate the paper critically and suggest questions for further research. These presentations will count for 25 percent of the course grade.

#### IV. COURSE MEETINGS

JSTOR = available online via JSTOR: <http://www.jstor.org/>.

D = reading may be chosen for discussant’s presentation.

##### 1. Introduction (Oct 3)

##### 2. Political strategy of economic reform: theory and evidence (October 10)

- Jan Svernar, “Transition Economies: Performance and Challenges,” *Journal of Economic Perspectives*, Winter 2002, 16, 1. JSTOR
- Gerard Roland, “The Political Economy of Transition,” *Journal of Economic Perspectives*, Winter 2002, 16, 1. JSTOR
- Dani Rodrik, “Understanding Economic Policy Reform,” *Journal of Economic Literature*, March 1996, pp.9-41. JSTOR.
- Peter Murrell, “Evolution in Economics and in the Economic Reform of the Centrally Planned Economies,” online at <http://www.econ.umd.edu/~murrell/articles/Evolution%20in%20Economics.pdf>
- Moises Naim, “Fads and Fashions in Economic Reforms: Washington Consensus or Washington Confusion?” *Third World Quarterly*, 21, 3, pp.505-528, 2000. UCLA Lib.

##### 3. China—a gradualist success story? (October 17)

- Lau, L., Y. Qian, and Gerard Roland, “Reform Without Losers: An Interpretation of China’s Dual-Track Liberalization,” *Journal of Political Economy*, 2000, 108, 1, pp.120-63. JSTOR. **D**
- Montinola, Gabriella, Yingyi Qian, and Barry R. Weingast. 1996. “Federalism, Chinese Style: The Political Basis for Economic Success,” *World Politics*, 48, 1, pp.50-81. JSTOR. **D**
- Hongbin Cai and Daniel Treisman, “Did government decentralization cause China’s Economic Miracle,” 2006, Online <http://www.polisci.ucla.edu/faculty/treisman/> **D**
- Jeffrey Sachs and Wing Thye Woo, “Reform in China and Russia,” *Economic Policy*, April 1994. JSTOR **D**
- Alwyn Young, “The Razor’s Edge: Distortions and Incremental Reform in the People’s Republic of China,” *Quarterly Journal of Economics*, 2000, 4. (Online via UCLA library). **D**

#### **4. Politics of macroeconomic stabilization (October 24)**

- Milton Friedman, "Quantity Theory of Money" selections: pp.1-7, 28-36, and Phillip Cagan, "Hyperinflation," pp.179-84 in John Eatwell et al., eds., *The New Palgrave*.
- Alberto Alesina, "Political Models of Macroeconomic Policy and Fiscal Reforms," in Stephan Haggard and Steven B. Webb, *Voting for Reform*, World Bank and OUP, 1994.
- Peter Boone and Jakob Horder, "Inflation: Causes, Consequences, and Cures," in Peter Boone, Stanislaw Gomulka and Richard Layard, eds., *Emerging From Communism: Lessons From Russia, China, and Eastern Europe*. **D**
- Andrei Shleifer and Daniel Treisman, *Without a Map*, ch.3-4. **D**

#### **5. Property rights, privatization, and corporate governance (October 31)**

- Andrei Shleifer, "State vs. Private Ownership," *Journal of Economic Perspectives*, 1998, fall, pp.133-50. JSTOR. **D**
- Shleifer and Treisman, *Without a Map*, ch.2. **D**
- William Megginson and Jeffrey Netter, "From State to Market: A Survey of Empirical Studies on Privatization," *Journal of Economic Literature*, June 2001, XXXIX, 2. JSTOR.
- John Earle and Scott Gehlbach, "A Spoonful of Sugar: Privatization and Popular Support for Reform in the Czech Republic," *Economics and Politics*, 15, 1, March 2003. Online UCLA lib. **D**

#### **6. The international dimension-trade and aid (Nov 7)**

- Jeffrey D. Sachs and Andrew Warner, "Economic Reform and the Process of Global Integration," *Brookings Papers on Economic Activity*, 1995, 1. (pp.1-64) JSTOR **D**
- Dani Rodrik, "The Global Governance of Trade: As If Development Really Mattered," UNDP, October 2001, at: <http://ksghome.harvard.edu/~drodrik/UNDPtrade.PDF> **D**
- Craig Burnside and David Dollar, "Aid, Policies, and Growth," *American Economic Review*, September 2000. JSTOR. **D**
- William Easterly, "Can Foreign Aid Buy Growth?," *Journal of Economic Perspectives*, 2003, 17, 3, summer. JSTOR. **D**
- Dani Rodrik, "Trade Policy Reform as Institutional Reform," at <http://ksghome.harvard.edu/~drodrik/Reform.PDF> **D**

#### **7. Reforming government and corruption (Nov 14)**

- Andrei Shleifer and Robert Vishny, "Corruption" *Quarterly Journal of Economics*, August 1993. JSTOR. **D**
- Paolo Mauro, "Corruption and Growth," *Quarterly Journal of Economics*, August 1995, pp.681-712. JSTOR. **D**
- Daniel Treisman, "Postcommunist corruption," in Jan Fidrmuc and Nauro Campos, eds., *Political Economy of Transition and Development: Institutions, Politics, and Policies*, Kluwer, 2003, pp.201-26.
- Anders Aslund, Peter Boone, and Simon Johnson, "Escaping the Under-Reform Trap," *IMF Staff Papers*, 48, 2001, UCLA Lib. **D**

## 8. Restoring growth (Nov 21)

- Gerard Roland, *Transition and Economics*, ch.7.
- Nauro Campos and Fabrizio Coricelli, "Growth in Transition: What We Know, What We Don't, and What We Should," *Journal of Economic Literature*, September 2002, XL, 3. JSTOR. **D**
- Oleh Havrylyshyn, "Recovery and Growth in Transition: A Decade of Evidence," *IMF Staff Papers*, 48, 2001, online UCLA lib. **D**

## 9. Political decentralization and economic reform (November 28)

- Barry Weingast, "The Economic Role of Political Institutions: Market-Preserving Federalism and Economic Development," *Journal of Law Economics and Organization*, April 1995. JSTOR **D**
- Hongbin Cai and Daniel Treisman, "State Corroding Federalism," *Journal of Public Economics*, April 2004, (online through UCLA library). **D**
- Pranab Bardhan, "Decentralization of Government and Development," *Journal of Economic Perspectives*, 16, 4, Fall 2002. JSTOR.
- Chenggang Xu and Juzhong Zhuang, "Why China Grew: The Role of Decentralization," in Peter Boone, Stanislaw Gomulka and Richard Layard, eds., *Emerging From Communism: Lessons From Russia, China, and Eastern Europe*. **D**

## 10. What works, what doesn't? Why did some countries do better than others? (Dec 5)

- Dani Rodrik, "Goodbye Washington Consensus, Hello Washington Confusion?" 2006, at <http://ksghome.harvard.edu/~drodrik/Lessons%20of%20the%201990s%20review%20JEL.pdf>.
- Anders Aslund, "Building Capitalism: Lessons of the Postcommunist Experience," Carnegie Endowment, December 2001, <http://www.carnegieendowment.org/pdf/files/Policybrief10.pdf> **D**
- Timothy Frye, "The Perils of Polarization: Economic Performance in the Postcommunist World," *World Politics*, 54, April 2002, pp.308-37, JSTOR. **D**
- Jeffrey Kopstein and David Reilly, "Geographic Diffusion and the Transformation of the Postcommunist world," *World Politics*, 53, October 2000, pp.1-37. JSTOR. **D**
- Steven Fish, "The Determinants of Economic Reform in the Postcommunist World," *East European Politics and Societies*, 12, 1, Winter 1998, UCLA Lib. **D**