

Transition Economics

Instructor: Professor Gerhard Stahl

Class Hours: Tuesday & Friday 10:30 am - 12:20 pm

Class Room: 229/230

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Office Hours: TBD

1. Course Overview

Transition Economics studies the policies needed for a fundamental change of an economic system. In the late 20th century, the economic transition from a planned economy to the market system was the main focus. This process is still ongoing in numerous countries including China. In the 21st century a new additional dimension gained importance, the need to achieve sustainable and inclusive economic growth. In light of globalization, population growth and climate change, all societies and their economies need to adapt their systems to address these new challenges and achieve sustainable economic growth. Sustainable growth has to take into consideration both the environmental effects as well as the social effects. In other words, progress towards a harmonious society is the objective.

This course will provide a theoretical framework by looking to different explanations and theories. Conclusions will be drawn from traditional economic thinking and from new schools of thought developed in the political economy, institutional economy and geopolitical economy.

Lessons will be drawn from the accomplished transitions of several countries in central and eastern Europe from a planned economy towards a market economy. These experiences will be compared to the situation in Asia with a specific focus on China.

Different policy areas will be discussed which are most important for a successful transition of an economy, such as:

- sustainable consumption and green growth
- research and innovation as a basis for a sustainable economy
- sustainable urbanization
- territorial cohesion and urban rural harmonization
- sustainable financial market
- institutions and the importance of the legal and social security system
- implementation problems and multi-level governance
- new international economic system

By presenting case studies, the implementation of policies in different circumstances and countries will be analyzed.

Objectives

It is the objective of this course to provide the students with a better understanding of the policies necessary to achieve the transition towards more sustainable economic development. As future managers and leaders in business, finance, administration, and politics, students should understand the implementation challenges of policies and should be able to work successfully in a changing world shaped by international trends and increased interdependence.

Prerequisites

A good knowledge of macroeconomics, microeconomics and public finance is necessary, as well as an interest in current national and international affairs, including urbanization, regional development and economic governance.

2. Course work and grading

Active participation from the students is expected

Class attendance and performance 20%

Group presentation 30%

Final examination composed of

Individual thesis 30%

PPT presentation 20%

Individual Thesis and PPT

Students can choose a topic of their interest, amongst the different areas covered by the course,

The thesis must be between 5 and 10 pages including supporting evidence.

(Template: Times New Roman, 12 font, double spaced)

The PPT should present the main content of the thesis. (It should not exceed 15 slides.)

Group Presentation

It is expected that students study in teams, and in a more detailed manner, some of the issues of the course. Themes will be distributed in line with the priorities of the main program.

The results of the teamwork will be presented and discussed during the course.

3. Reading list

Benjamin J. Cohen (2014), International Political Economy, Massachusetts, Edward Elgar.

Gerhard Stahl, Sustainable Development is the Key to the Future, pages 334 - 340, in Ms. Liu, David Ness, Huang Haifeng (editor), The Green Economy and its Implementation in China, 2011, Hongkong.

Stuck in Transition, Transition Report 2013, European Bank for Reconstruction and Development, www.tr.ebrd.com.

Sonja Opper, *New Institutional Economics and its Application on Transition and Developing Economies*, pages 389 - 405 in Eric Brousseau, Jean-Michel Glachant edit. (2008) *New Institutional Economics*, a guidebook, Cambridge.

Salvatore Zecchini, *Transition approaches in retrospect*, pages 1 - 34, in Salvatore Zecchini edit. (1997), *Lessons from the Economic Transition in Central and Eastern Europe in the 1990*, London, Kluwer,

Urban China, Toward Efficient, Inclusive, and Sustainable Urbanisation, (2014), Report of the World Bank and Development Research Center of the State Council, the People's Republic of China, Washington. Read executive summary from pages 1-120.

Dirk Kayser, *From Black to Blue: How did the Green Economy evolve in Germany? Perspectives on the Development of the Green Economy and Society in German*, pages 236 - 254, in Ms.Liu, Mike Henry and Huang Haifeng, edits, 2014, *Towards a Green Economy*, Singapore.

Christine Lagarde, "China's Transformation: the Key Steps Forward," speech held at the China development forum, Beijing, March 24, 2014.

Elena Besedina, "Trust and Economic Reform," in *Free Policy Brief Series*, Mai 2014.

Additional reading will be provided for some individual courses and sometimes guest speaker with specific expertise will be invited.

4. Course schedule (tentative).

1. The characteristics of a planned economy and the criteria for a market economy will be presented. Different aspects of the society and of the relation between public and private actors are in the focus of the different economic schools and scholars.
2. How do the different economic systems plan their long-term developments? Two examples will be regarded in more details:
the 12th five year plan of China
the EUROPE 2020 Strategy of the EU
3. Historical experiences of the transition from a planned economy to a market economy will be studied, especially the situation of formerly communist countries in East-Europe will be analyzed.
4. The theory of sustainable development will be presented: smart, green, inclusive growth.

5. The climate challenge and the social challenge
6. The geopolitical and international challenge
7. Important elements of the implementation of green economy will be studied: sustainable consumption, energy efficiency and energy savings, recycling.
8. Business and Green economy
9. Sustainable Urbanization and territorial cohesion (urban-rural relationship)
10. Research, Innovation and Financing of sustainable development
11. Financial Markets: the international financial system (IMF, World bank) and the supervision systems in the US and the EU
12. Developing countries and the International financial markets
13. Implementation of policy, multi-level governance and private public partnership
14. Presentations of the PPTs and conclusions.