

# Economics 322 - Comparative Economic Systems

Fall Semester, 2022

Towson University

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## Purpose of the course

The underlying purpose of this course is to help you make sense of political-economic systems. Through taking the course, you should learn some essential concepts of political economy and develop habits of thinking that will help you make sense of the social world. The more immediate purpose of the course is to investigate how much economic freedom societies should have. At one logical extreme, government might be used only to protect private property and enforce contracts, leaving citizens free to engage in any mutually agreeable exchanges they choose. At the other extreme, government might own all property, plan centrally, and dictate all economic activities. Between those two extremes, where should societies locate themselves? Where according to the demands of justice? Where in order to achieve the greatest economic well-being? Are the answers to these last two questions different? If so, which should we favor?

This is a fascinating and important topic. Under planned-economy ideology and policy, about half of Europe and much of Asia suffered backwardness, deprivation, terror, and environmental destruction for more than half of last century. The avowedly communist governments of the Soviet Union, China and Cambodia murdered scores of millions of their own people. Some argue that these regimes were not truly communist; perhaps true communism would have meant liberation and abundance, as Marxists have claimed.

Understanding the functioning and malfunctioning of more-free and more-planned economies is also important to understanding the present-day efforts of the government of China to reassert central control over parts of their economy while maintaining the benefits of markets.

Comparing economic systems is useful in still another way. It helps us understand our own political economy. The western democracies are mixed economies rather than free economies. We have a substantial amount of government intervention into economic affairs, rather than consistent *laissez-faire*. Western governments meddle in their economies through restrictions and mandates (called “regulations”), and they provide “social safety nets” of different extent. The United States’ government has in recent decades increased its interference and participation in

the financial, banking, and health care industries with the sweeping Dodd-Frank Act and the Affordable Care Act (ObamaCare). More recently still, governments at various levels have restricted what people may do and mandated things they must do in response to Covid. All this intervention has similarities to Soviet-type planning although it does not go nearly as far. Accordingly, understanding the problems of central planning can help us make sense of and evaluate much of our own policy.

At the end of the term, we will look at health care from an economic systems viewpoint. American healthcare now is a hodge-podge of free enterprise and substantial government intervention. (Consider that some 60% of all healthcare payments are made by government at some level, especially Medicare and Medicaid.) Some blame the high and increasing costs of healthcare on the free-market aspects of healthcare and medical insurance and call for more government involvement as a solution. Others, including John Cochrane, whose paper we will study, blame those high and increasing costs of healthcare on government intervention in healthcare and medical insurance.

The course aims to help you make informed judgments about how best to balance free enterprise and government intervention. We have a mixed economy. What principles should guide the mix?

## **Course catalog description**

Effects of alternative institutional arrangements on incentives and individual behavior affecting the allocation of resources. Differences between decentralized or market systems and centralized or government planning. Prerequisites: ECON 201/203 and ECON 202/204.

## **Reading**

The course centers on the readings. I expect students to do *all* the week's reading *before* the first class meeting each week on Tuesday, unless I explicitly break out assignments for **Tuesday and Thursday**, so that you can participate helpfully in class discussions. Don't free ride on the efforts of your classmates. When everyone is prepared, discussions can be lively and rewarding. Please prepare thoroughly each week if you stay enrolled in the course.

That said, I do not expect you to *study* all the reading, as you would a poem or technical textbook. Some of the reading, especially on the socialist calculation debate, is difficult. For most readings I have posted notes ("Notes on the Readings") at our Blackboard site. These guides point out which passages you should study, which you should just read, which you may skim, and which you may skip altogether.

Most weeks, either in addition to the reading notes or interspersed amongst those notes, I will give you discussion questions on that week's readings. Please come prepared with tentative answers to the discussion questions, ready to discuss them, with relevant passages in the readings marked up and noted.

*Always bring to class the readings assigned for that week, preferably in hard copy.*

## Writing and getting help with your writing

This course requires a lot of writing. I'll coach you on writing better as time allows. One goal of this writing is to help you improve your ability to express yourself clearly and persuasively. Economist Deirdre McCloskey, one of the best writers in the field, once wrote that our goal in writing should not be to make it possible for the reader to understand what we mean. It should be to make it *impossible* for the reader *not* to understand what we mean. This course emphasizes CLARITY in both the phrasing and the organization of your ideas. Correct grammar, punctuation, and word usage are expected. There are no quantitative problems or multiple-choice questions in this course; every graded assignment is a writing assignment, so you must write clearly to earn a good grade.

See "Standards for written work and grading rubric" below for more on writing requirements.

Getting help on your writing: I expected students to write at a college level. Sadly, many students arrive at Towson poorly prepared to do so. If you are one of these, it is probably not your fault, but the fault of those who failed to instruct you. Though it is not your fault, however, it is your problem. You are in college now and I expect you to write at a college level. Here are three programs you might use to improve:

For help with organization and content, use the **CBE Writing Proficiency Program**, located in Stephens Hall 117. (Make an appointment by calling 410-704-4379 or sending an e-mail to [cbewriting@towson.edu](mailto:cbewriting@towson.edu). The program is available Monday through Friday during the semester. Writing consultants in the program will review your work and provide feedback. See the Program website: <https://www.towson.edu/cbe/resources/writing.html>.

If you need help with basic grammar and punctuation, you have two options. You may contact the university's **Writing Center** at <http://www.towson.edu/writingcenter/>. Alternatively, you can find information on specific points of grammar and punctuation online at Towson's **Online Writing Support**: <http://webapps.towson.edu/ows/index.asp>.

## Course procedures and policies

### Online resources

We will use Blackboard, the university's web-based system for facilitating course delivery. If the university's software systems are working properly, they will enroll you in this course's Blackboard site. For further information about the Blackboard system, and to log in to this course's Blackboard site, please go to <http://www.towson.edu/blackboard/studentresources.asp>. To log in, go to <https://blackboard.towson.edu>. Please explore the system and read my "Announcements."

This syllabus is posted online. You will find a link to it on our Blackboard site and at my website. Any changes to this syllabus, once the term begins, will be posted online rather than handed out on paper. Accordingly, *watch announcements on Blackboard* for any schedule or assignment changes. You don't want to miss them.

### **Late or missed assignments**

Lateness on any assignment may be penalized 5% per day, including weekend days, beginning the instant the assignment is due, unless some extraordinary emergency has caused the lateness. Requests for extensions should be submitted *before* the relevant deadline for me to consider them agreeably.

### **Paper submission, "blind" grading, and filename convention**

Please never identify yourself by name on any paper. Instead, write only your student number on your papers. That way I will not know who you are as I grade. Not knowing helps me avoid unconscious bias and worrying about being fair.

Please submit your papers by email to [hbaetjer@towson.edu](mailto:hbaetjer@towson.edu). At the top of the paper itself, where you would normally put your name, put your student number instead. Name the file containing that document with your last name and the number of the assignment, like this: "Baetjer 4.docx".

### **Academic Integrity**

This should go without saying, but let us say it anyway: Be honest. Present as your own work only your own work. Your integrity is far more important than your grade. Practice integrity in your actions and you will build it in yourself. Anyone who cheats or plagiarizes will fail the course.

Towson University's student academic integrity policy is laid out in the Undergraduate Catalog's Appendix F. It is available online at <https://www.towson.edu/about/administration/policies/03-01-00-student-academic-integrity-policy.html>.

*The danger area for academic dishonesty in this course is **plagiarism**.* Plagiarism is presenting others' words or ideas as your own. Learn what plagiarism is and how to avoid it. There will be many occasions in this course where you can inadvertently fall into plagiarism; don't. To help you avoid plagiarism, I provide two links to useful discussions of plagiarism offered by other universities. You will find them in "Web Links" on our Blackboard site and in the very first assignment of the term (in Assignments, on Blackboard). **Study them** until you are *certain* that you understand what plagiarism is and how to avoid it.

Whenever you use another's words – in this course that's almost always when you take wording from one of our readings – you must put them in quotation marks and identify the source (in our course, just putting the page number in parentheses will do where the book or article being discussed is obvious). Failure to do so is plagiarism. Also be careful not to alter a writer's

wording superficially and offer it as your own. To do so is plagiarism. Because you are explaining the author's ideas, you should indicate in the citations what pages those ideas come from. Here's "[a] good rule of thumb for written material taken from another author," from Professor J. Douglas Woods of the University of Toronto: "if it amounts to more than three connected words, give the citation for it." (This used to be at the following now-broken link: <http://citd.scar.utoronto.ca/LINB27/introduction/plagiarism.html>.)

Your first assignment (find it in Assignments on Blackboard) is to read through the web pages on plagiarism to which I provide you links, then email me a short note telling me that you have read and understand them or asking for clarification of particulars.

I encourage you to work together. Feel free to get someone else to look over your written work and point out errors and unclear phrasing, even when the assignment is for a grade, but don't let someone else write your work for you, and make clear to your reader what is your own, what is joint effort, and what is another's. When in doubt, cite your classmate.

## **Requirements**

### **Participation in class discussions**

Speak up in class. Class participation grades will be based on contributions to class dialogue. While I don't count attendance as such, your regular attendance matters a lot to what we all learn because we learn much in dialogue and in my Socratic presentations in class. In order for those to work well, students need to be up to speed on previous class discussions. The ideas in the course build on and play off one another, so if you miss one class discussion, you will be less able to contribute to others. I hope you will learn a lot from talking with each other in class. You cannot do that if you are not there.

I base class participation grades not on whether students' comments or answers are right or wrong—often we can't know that for sure—but on how well they help us all make sense of what we are studying. Asking a thoughtful question about a passage from the reading, for example, or helpfully expanding on a fellow student's insight, is excellent participation. Note well: participation must be grounded in the course readings to be valuable. No baseless comments, please. By contrast, answering a question with a directly pertinent quotation from the readings is particularly valuable. Read carefully. Underline. Share what you learn.

Again, always bring to class the readings assigned for that week, preferably in hard copy you have underlined and annotated. This is necessary preparation for good participation.

### **Short papers**

At the end of most weeks, you will be required to write a short paper (about two pages, double-spaced) on what we have read and discussed in class. The paper will be due at **noon on the following Saturday**, submitted by email to [hbaetjer@towson.edu](mailto:hbaetjer@towson.edu). These are essential to your learning. The idea is that you will learn well by first reading, then discussing the readings in

class, then writing up your reactions to the ideas you have read and discussed. I plan to assign one of these most weeks. The first of these may not be skipped, though it will be graded only if it helps your average (or if you do not do it!). I will drop your two lowest grades on the rest of these in calculating the course grade. These count almost half the course grade (47 percent).

### **Paper relating the ideas of Sowell and Bellamy**

You have one longer paper to write, **due Saturday, October 4** at noon, in which you will relate the ideas in the first two books we read. This paper may not be dropped; it counts 9% of the course grade.

### **Standards for written work; grading rubric**

Papers must 1) directly address the assigned topic 2) be clearly worded and organized, and 3) be correct in grammar, usage, punctuation, spelling and the like.

Grading rubric - papers are graded according to the following criteria:

- **Understanding** - How much understanding does the paper show of the reading or topic, by giving a good answer to the question? Note that the paper must answer the question asked.
- **Support** - How well does the paper support the answer it gives with evidence drawn from the reading? Carefully chosen quotations from a work are usually necessary evidence to back up claims about that work.
- **Organization** - How helpfully are the ideas of the paper structured? I advise you to begin with an answer to the question, or a clear statement of the idea you mean to defend in the paper. Then present supportive evidence and/or arguments in focused, understandable chunks (e.g. a paragraph for each element).
- **Clarity** - How clear and understandable is the wording? Do the sentences make sense? Does the writer say what he or she means? Are words used correctly?
- **Correctness** - Are grammar, spelling, punctuation, noun-pronoun agreement, subject-verb agreement, and the like correct? (Correctness affects clarity, so these last two overlap some.)

These criteria are about equally important to a paper's grade, because a good college paper will be good in each of these respects, and a bad job in any of these respects can spoil an otherwise good paper. Accordingly, I weigh these criteria in the paper's grade roughly equally, but a poor job in any respect will pull your grade down more than a good job in any respect will pull it up. To receive an A, for example, a paper must be excellent in all five respects. A's will probably be rare. On the other end, a really bad F in any one area can mean an F on the paper as a whole, no matter how good the paper may be in other respects.

I realize this is strict. But it's the kind of feedback for which you are (indirectly) paying in a college course.

Sometimes the grades for each of the four criteria will be shown in the manner of this example:

U – B  
S – C+  
O – A  
C – B  
C – D

Sometimes I will not show individual grades for each criterion. For example, a great paper may have just a comment such as, “A – fine job,” or just “A”; a poor paper may have only a comment such as, “Not a serious effort – F.”

Papers that are too long or not double-spaced may be penalized 10% and required to be rewritten.

Format: Submit your papers as Word documents or PDFs to [hbaetjer@towson.edu](mailto:hbaetjer@towson.edu). Double space; format neatly. Use a normal-sized font and margins.

No names, please: To repeat, please never write your name on your paper. Identify it as yours with your student number at the top of the first page, where you would normally put your name. Name the file containing that document with your last name and the number of the assignment, like this: “Baetjer 4.docx”.

## Final examination

Your final will consist of several essays for which I’ll give you the questions/assignments long before the exam date so that you’ll have plenty of time to prepare. The final exam is scheduled for **Thursday, December 15, from 10:15-12:15 p.m.** (Please verify that I am reading [the schedule](#) correctly.)

You must take the final exam at its scheduled date and time unless you arrange some other time with me, well before the exam date. If some emergency prevents you from taking the exam on schedule, you must present me a written explanation of the problem *before* the exam, or *as soon as possible* afterwards, so that we can make alternative arrangements.

## Grading

Graded assignments	Percent of grade
Short papers	47
Bellamy-Sowell paper	9
Participation	10
Final exam	34
<b>Total</b>	<b>100</b>



The grading scale is as follows:

93 - 100	A	Grades in the <b>A</b> range are awarded only for <b>excellent</b> work, work that shows mastery of the subject.
90 - 93	A-	
87 - 90	B+	
83 - 87	B	Grades in the <b>B</b> range indicate <b>good</b> work, work that shows significant grasp of the subject.
80 - 83	B-	
77 - 80	C+	
70 - 77	C	Grades in the <b>C</b> range indicate <b>satisfactory</b> work.
60 - 70	D+	
0 - 60	F	

## Required readings - books

Thomas Sowell, *A Conflict of Visions*

Edward Bellamy, *Looking Backward 2000-1887*

Articles and book chapters in a required photocopied packet

## Recommended reading

Diana Hacker, *A Writer's Reference*

## Schedule of reading and paper assignments

	Reading and <b>paper assignments</b>
Aug. 30 Sep. 1	Syllabus; "I, Pencil" in class. Thomas Sowell, <i>A Conflict of Visions</i> , Preface - Chapter 2; <b>short paper #1 due at end of this week</b>
Sep. 6	Thomas Sowell, <i>A Conflict of Visions</i> , Chapters 3 and 4; <b>short paper #2 due at end of this week</b>
Sep. 13	Thomas Sowell, <i>A Conflict of Visions</i> , Chapters 5 and 6; <b>short paper #3 due at end of this week</b>
Sep. 20	Thomas Sowell, <i>A Conflict of Visions</i> , Chapter 7 - 8 (you may skip Chapter 9, the final chapter); <b>short paper #4 due at end of this week</b>
Sep. 27	Bellamy, <i>Looking Backward</i> , Chapters 1-14; <b>no paper due this week</b>
Oct. 4	Bellamy, <i>Looking Backward</i> , Chapters 15-28 (end); <b>paper relating the ideas of Sowell and Bellamy due at end of this week</b>



Oct. 11	David Ramsay Steele, <i>From Marx to Mises</i> , Chapter 1, "A quick look at the Mises argument" (packet) (27 pp.) Ludwig von Mises, "Economic Calculation in the Socialist Commonwealth," (packet) (44 pp.); <b>Mises paper (short #5) due at end of this week</b>
Oct. 18	F.A. Hayek, "Socialist Calculation II: The State of the Debate" (1935), Chapter VIII of <i>Individualism and Economic Order</i> (packet) (33 pp.); <b>Hayek 1935 paper (short #6) due at end of this week</b>
Oct. 25	Oskar Lange, "On the Economic Theory of Socialism" (packet) (72 pp.); <b>no paper due this week</b>
Nov. 1	F.A. Hayek, "Socialist Calculation III: The Competitive 'Solution,'" (1940), Chapter IX of <i>Individualism and Economic Order</i> (packet) (27 pp.); <b>Lange paper (short #7) due at end of this week</b>
Nov. 8	"The Use of Knowledge in Society," (1945) Chapter IV of <i>Individualism and Economic Order</i> (packet) (15 pp.); <b>paper on Hayek 1940 or 1945 (short #8) due at end of this week</b>
Nov. 15	"Planning with Material Balances in Soviet-Type Economies" by J. M. Montias, <i>American Economic Review</i> , Dec. 1959, Vol. 49, No. 5, pp. 963-969 and 976-981 (packet) "The Road to Nowhere" by Peter Boettke (packet); <b>paper on Boettke or Montias (short #9) due at end of this week</b>
Nov. 22	John Cochrane, "After the ACA: Freeing the market for health care" (packet), Section I <b>Thursday no class – Happy Thanksgiving</b>
Nov. 29	John Cochrane, "After the ACA: Freeing the market for health care" (packet), Sections II - VII
Dec. 6	Excerpts from Charles Hooper, <i>Should the FDA Reject Itself</i> (handout); Marty Makary M.D., M.P.H. and Tracy Beth Høeg M.D., Ph.D., <a href="#">"U.S. Public Health Agencies Aren't 'Following the Science,' Officials Say"</a>
Dec. 13	Review and prepare for the final exam

**Final examination:** **Thursday, December 15, 10:15-12:15 p.m.** (Please verify that I am reading [the schedule](#) correctly.)