



CIEE Prague, Czech Republic

Course Name:	Comparative European Economic Systems
Course Number:	ECON 3003 PRAG
Programs offering course:	CES, CNMJ
Language of instruction:	English
U.S. Semester Credits:	3
Contact Hours:	45
Term:	Spring 2020

Course Description

The course focuses on the differences in the functioning of national economies around the world and especially on differences between the national economies of individual EU member states and CEE countries. This course will discuss the influence of culture, geography, abundance or lack of natural and human resources, and mainly economic institutions and policies on the economic development of those countries.

We will use Hofstede dimensions to describe the cultural differences among European countries and discuss the US. Practical issues such as the differences in the style of management and differences in consumer preferences. Contemporary population theories, natural resource abundance, and production theories will be used in the first part of the course. Statistical data will serve as supplementary information for the comparison.

Common generalizations and classifications of economic and social models (e.g. Atlantic capitalism vs. Rhine capitalism; Sapir's view: Anglo-Saxon model vs. Nordic vs. Continental vs. Mediterranean model) will be explained and the implications of differences between economic and social models used by individual member countries for competitiveness will be analyzed.

The course should not only help students understand various countries' economies and ability to do business, it should also help them gain an insight into European economic institutions and policies. Although the lectures and readings will contain lots of empirical evidence and data, the emphasis will be put on understanding the logic and economics of the analyzed processes.

Learning Objectives

After taking this course students will be able to:

- contrast the key differences between economic systems of European countries and the USA;
- compare the specific features of management and marketing in European countries and the US;



- point out the differences in culture, natural-resource endowment, and various historical and socio-economic factors behind economic development of the regions of Europe;
- assess the structural differences between new member states of the EU and the original EU15 countries;
- illustrate the main specific features of CEE countries (i.e. differences between these markets and West European and U.S. markets);
- establish the differences between transition economies and traditional developing countries.

Course Prerequisites

There are no course prerequisites.

Methods of Instruction

Students will read selected parts of the relevant literature for each weekly topic. This will allow them to participate in discussions during the interactive lectures. Students will be further required to create structured projects and present them at the end of the course during the final class session. There will be required trips and excursions.

Assessment and Final Grade

1. Memos	10%
2. Project + presentation of the project	20%+5%
3. Midterm Exam	20%
4. Written Final Exam	25%
5. Class participation:	20%

Course Requirements

1. Memos

Part of the overall classification will be memos prepared by students as a base for discussion. The memos should be about half a page (250 words) and stem from readings presented in this syllabus for each class and therefore allow students to take part in meaningful discussion. Therefore, the overall content of the reading and keynotes should be included. Every required reading should have a separate memo. The prepared memos will be graded twice during the semester.

2. Project + its presentation

The topic and hypothesis of the written project (at least 2500 words) should be related to one of the weekly topics in the syllabus. One class will be specifically dedicated to the structure and research methods that should be used. Students will present their projects to the rest of the class.

3. Exams



Written mid-term exam (mix of approximately 20 multiple choice and open-ended questions)
Written final exam (mix of approximately 30 multiple choice and open-ended questions)

CIEE Prague Class Participation Policy

Assessment of students' participation in class is an inherent component of the course grade. Participation is valued as **meaningful contribution in the digital and tangible classroom**, utilizing the resources and materials presented to students as part of the course. Students are required to actively, meaningfully and thoughtfully contribute to class discussions and all types of in-class activities throughout the duration of the class. Meaningful contribution requires students to be prepared, as directed, in advance of each class session. This includes valued or informed engagement in, for example, small group discussions, online discussion boards, peer-to-peer feedback (after presentations), interaction with guest speakers, and attentiveness on co-curricular and outside-of-classroom activities.

Students are responsible for following the course content and are expected to ask clarification questions if they cannot follow the instructor's or other students' line of thought or argumentation.

The use of electronic devices is only allowed for computer-based in-class tests, assignments and other tasks specifically assigned by the course instructor. Students are expected to take notes by hand unless the student is entitled to the use of computer due to his/her academic accommodations. In such cases the student is required to submit an official letter issued by his/her home institution specifying the extent of academic accommodations.

Class participation also includes students' active participation in Canvas discussions and other additional tasks related to the course content as specified by the instructor.

Students will receive a partial participation grade every three weeks.

CIEE Prague Attendance Policy

Regular class attendance is required throughout the program, and **all absences are treated equally regardless of reason** for any affected CIEE course. Attendance policies also apply to any required co-curricular class excursions or events, as well as Internship.

Students who transfer from one CIEE class to another during the add/drop period will not be considered absent from the first session(s) of their new class, provided they were marked present for the first session(s) of their original class. Otherwise, the absence(s) from the original class carry over to the new class and count against the grade in that class.

Missing classes will lead to the following penalties:

90-minute semester classes:



<i>Number of 90-minute classes</i>	<i>Equivalent percentage of the total course hours missed</i>	<i>Minimum penalty</i>
one to two 90-minute classes	up to 10%	no penalty
three 90-minute classes	10.1–15%	reduction of the final grade by 3%
four 90-minute classes	15.1–17%	reduction of the final grade by 5%; written warning
five 90-minute classes	17.1–20%	reduction of the final grade by 7%; written warning
six and more 90-minute classes	more than 20%	automatic course failure and possible expulsion

180-minute semester classes:

<i>Number of 180-minute classes</i>	<i>Equivalent percentage of the total course hours missed</i>	<i>Minimum penalty</i>
one 180-minute class	up to 10%	no penalty
two 180-minute classes	10.1–20%	reduction of the final grade by 5%; written warning
three and more 180-minute classes	more than 20%	automatic course failure and possible expulsion

Persistent absenteeism (students approaching 20% of the total course hours missed, or violating the attendance policy in more than one class) will result in a written warning, a notification to the student’s home school, and possibly a dismissal from the program.

Missing more than 20% of the total class hours will lead to a **course failure**, and **potential program dismissal**. This is a CIEE rule that applies to all CIEE courses and is in line with the Participant Contract that each CIEE student signs before arriving on-site.

Late arrival to class will be considered a partial (up to 15 minutes late) or full (15 or more minutes late) absence. **Three partial absences due to late arrivals will be regarded as one full class absence.**

Students must notify their professor and Program Coordinators (PC) beforehand if they are going to miss class for any reason and are responsible for any material covered in class in their absence.

If missing a class during which a test, exam, the student’s presentation or other graded class assignments are administered, **make-up assignment will only be allowed in approved circumstances**, such as serious medical issues. In this case, the student must submit a local doctor’s note within 24 hours of his/her absence to the PC, who will decide whether the



student qualifies for a make-up assignment. Doctor's notes may be submitted via e-mail or phone (a scan or a photograph are acceptable), however **the student must ensure that the note is delivered to the PC.**

Should a truly **extraordinary situation** arise, the student must contact the PC immediately concerning permission for a make-up assignment. Make-up assignments are not granted automatically! The PC decides the course of action for all absence cases that are not straightforward. **Always contact the PC with any inquiry about potential absence(s) and the nature thereof.**

Personal travel (including flight delays and cancelled flights), handling passport and other document replacements, interviews, volunteering and other similar situations are not considered justifiable reasons for missing class or getting permission for make-up assignments.

For class conflicts (irregularities in the class schedule, including field trips, make-up classes and other instances), **always contact the Academic Assistant** to decide the appropriate course of action.

Course attendance is recorded on individual Canvas Course Sites. **Students are responsible for checking their attendance regularly to ensure the correctness of the records.** In case of discrepancies, students are required to contact the Academic Assistant **within one week of the discrepancy date** to have it corrected. Later claims **will not** be considered.

CIEE staff does not directly manage absences at FAMU and ECES, but they have similar attendance policies and attendance is monitored there. Grade penalties may result from excessive absences.

CIEE Academic Honesty Policy

CIEE subscribes to standard U.S. norms requiring that students exhibit the highest standards regarding academic honesty. Cheating and plagiarism in any course assignment or exam will not be tolerated and may result in a student failing the course or being expelled from the program. Standards of honesty and norms governing originality of work differ significantly from country to country. We expect students to adhere to both the American norms and the local norms, and in the case of conflict between the two, the more stringent of the two will preside. Three important principles are considered when defining and demanding academic honesty. These are related to the fundamental tenet that one should not present the work of another person as one's own.

The first principle is that final examinations, quizzes and other tests must be done without assistance from another person, without looking at or otherwise consulting the work of another person, and without access to notes, books, or other pertinent information (unless the



professor has explicitly announced that a particular test is to be taken on an “open book” basis).

The second principle applies specifically to course work: the same written paper may not be submitted in two classes. Nor may a paper for which you have already received credit at your home institution be submitted to satisfy a paper requirement while studying overseas.

The third principle is that any use of the work of another person must be documented in any written papers, oral presentations, or other assignments carried out in connection with a course. This usually is done when quoting directly from another’s work or including information told to you by another person. The general rule is that if you have to look something up, or if you learned it recently either by reading or hearing something, you have to document it.

The penalty ranges from an F grade on the assignment, failure in the course to dismissal from the program. The Academic Director is consulted and involved in decision making in every case of a possible violation of academic honesty.

Weekly Schedule

Week 1	Topics: Course introduction; administration of the course; preparation for the project assignment; Why are some countries rich and others poor? – Resources, culture, institutions, and policies <u>Required reading:</u> <ul style="list-style-type: none">• Olson M. (1996) Memo 1
Week 2	Topic: European religions and imperial languages – a description of differences <u>Required reading:</u> <ul style="list-style-type: none">• Huntington S. (1993)• Provided selection of maps and other materials on Canvas Memo 2

<p>Week 3</p>	<p>Topics: International cultural differences – economic and management view</p> <p><u>Required reading:</u></p> <ul style="list-style-type: none"> • de Mooij & Hofstede (2002), pp. 61-69. • Hofstede (1993), pp. 81-94. • Franke, Hofstede & Bond (1991), pp. 165-173. • Gouveia & Ros (2000), pp. 25-33. <p>Memo 3</p>
<p>Week 4</p>	<p>Topics: Europe and its natural resources, basic data on economies of EU, Central and Eastern Europe (CEE).</p> <p><u>Required reading:</u></p> <ul style="list-style-type: none"> • IMF Regional Economic Outlook – Europe • Provided selection of maps and other materials on Canvas <p>Memo 4</p>
<p>Week 5</p>	<p>Topics: Basic data on populations of EU, CEE</p> <p><u>Required reading:</u></p> <ul style="list-style-type: none"> • World Population Data Sheet 2013. Population Reference Bureau. Available at http://www.prb.org/Publications/Datasheets/2013/2013-world-population-data-sheet.aspx <p>PC-lab: testing the hypothesis, learning the Practical part of the project.</p>
<p>Week 6 Midterm Exam Period</p>	<p>Topics: Midterm exam European economic institutions and policies – introduction to comparative economics, convergence</p> <p><u>Required reading:</u></p> <ul style="list-style-type: none"> • Cohen & Pisany-Ferry (2008) <p>Memo 5</p>

<p>Week 7 Midterm Exam Period</p>	<p>Topics: European economic institutions and policies – introduction to comparative economics, productivity Czech National Bank, excursion to permanent exposition</p> <p><u>Required reading:</u></p> <ul style="list-style-type: none"> • Timmer, Ark & van, O’Mahony (2008), pp. 25–44. <p>Memo 6</p>
<p>Week 8</p>	<p>Topics: European economic institutions and policies – reaction to globalization</p> <p><u>Required reading:</u></p> <ul style="list-style-type: none"> • Sapir (2006), pp.369-90 • Fischer (2012) <p>Memo 7</p>
<p>Week 9</p>	<p>Topics: Democracy, Voting systems, and Political Freedom</p> <p><u>Required reading:</u></p> <ul style="list-style-type: none"> • The Democracy Index report (2014) • The Freedom House: Freedom in the World, Eurasia and population, reports (2014) • The Freedom House: Nations in Transit 2014 <p>Memo 8</p>
<p>Week 10</p>	<p>Topics: Economic freedom - Doing business in Europe and US</p> <p><u>Required reading:</u></p> <ul style="list-style-type: none"> • Doing business: The Ease of doing business and distance to frontier, • Doing Business (October 2013): Understanding Regulation for Small and Medium-Size Enterprises, Annual report 2014 <p>Memo 9</p>

Week 11	<p>Topics: Economic freedom – Indexes and Country comparisons</p> <p><u>Required reading:</u></p> <ul style="list-style-type: none"> • The Heritage Foundation: Index of Economic Freedom, The Executive Highlights 2014 • The Heritage Foundation: Index of Economic Freedom, The Special 20th Anniversary Essay • The Frazer Institute, The Economic freedom of the world, Executive summary • The Frazer Institute, The Economic freedom of the North America 2013 (only Chapter 1) • Visual guide and geographical distribution webpage to CPI <p>Memo 10</p>
Week 12	<p>Topics: Transparency and Economic Development</p> <p><u>Required reading:</u></p> <ul style="list-style-type: none"> • Transparency International, Corruption Perception Index 2014 • Political Corruption Report (only to page 18 incl.) • UNDP: The rise of the South, Human development index 2013 • UNDP: about the index • The Economist: Where to be born index <p>Presentation of projects</p>
Final Exam Week	<p>Review and consultations</p> <p>Final Exam</p>

Course Materials

Required Reading

Books:

Eichengreen, B., Landesmann & M., Stiefel D. (eds.). (2007). *The European Economy in an American Mirror*. Abingdon: Routledge.

Estrin, S., Kolodko, G. W. & Uvalic, M. (eds.). (2007). *Transition and Beyond*. New York: Palgrave Macmillan.



Cohen, E. & Pisany-Ferry, J. (2008). Economic institutions and policies in the US and the EU – convergence or divergence. In B. Eichengreen, D. Landesmann & M. Stiefel, Eds. *The European Economy in American Mirror*. New York: Routledge.

Papers:

Fischer, J. (2012). The Choice of Domestic Policies in a Globalized Economy. *Swiss National Centre of Competence in Research Working Paper No. 2012/09*.

Franke, R., Hofstede, G. & Bond M. (1991). Cultural Roots of Economic Performance: A Research Note. *Strategic Management Journal*, 12, pp. 165-173.

Gouveia, V. & Ros, M. (2000). Hofstede and Schwartz's Models for Classifying Individualism at the Cultural Level: Their Relation to Macro-Social and Macro-Economic Variables. *Psicothema* 2000, 12, Supl., pp. 25-33.

Hofstede, G. (1993): Cultural Constraints in Management Theories. *The Executive*, 7(1), pp. 81-94.

de Mooij, M. & Hofstede G. (2002). Convergence and Divergence in Consumer Behavior: Implications for International Retailing. *Journal of Retailing*, 78, pp. 61-69.

Olson, M. (1996). Big Bills Left on the Sidewalk: Why Some Nations Are Rich, and Others Poor. *The Journal of Economic Perspectives*, 10(2), pp. 3-24.

Sapir, A. (2006). Globalization and the Reform of European Social Models. *JCMS* 2006, 44(2), pp. 369-90.

Timmer, M.P., Ark, B. & van, O'Mahony, M. (2008). The Productivity Gap between Europe and the United States: Trends and Causes. *Journal of Economic Perspectives*, 22(1), pp. 25–44.

World Population Data Sheet 2013. Population Reference Bureau. Available at <http://www.prb.org/Publications/Datasheets/2013/2013-world-population-data-sheet.aspx>

Recommended Reading

Rosser, J.B. & Rosser M.V. (2004). *Comparative Economics in a Transforming World Economy*. Cambridge, Mass.: The MIT Press.

Bardhan, P. (2000). The New Institutional Economics and Development Theory. In G. Meier & J. Rauch, Eds. *Leading Issues in Economic Development*, pp. 359-360.

Dabrowski, M., Gomulka, S. & Rostowski, J. (2000). Whence Reform? Critique of the Stiglitz Perspective. *CEP Discussion Paper dp0471*.

Hayek F. A. (1945). The Use of Knowledge in Society. *AER*, 35(4), pp. 519 – 530.



Leeflang P.S.H. & van Raaij W.F. (1995). The changing Consumer in the European Union: A “Meta-Analysis”. *International Journal of Research in Marketing* 12 , pp. 373-387.

Rosefield S.: Comparative Economic Systems (2002): Culture, Wealth, and Power in the 21st Century. Wiley-Blackwell.

Shleifer A., Vishny R. W. (1993): Corruption. *Quarterly Journal of Economics*, 108, pp. 599-617.

URL sources

Doing business: The Ease of doing business and distance to frontier,
<http://www.doingbusiness.org/~media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB14-Chapters/DB14-Ease-of-doing-business-and-distance-to-frontier.pdf>

Doing Business (October 2013): Understanding Regulation for Small and Medium-Size Enterprises, Annual report 2014, <http://www.doingbusiness.org/reports/global-reports/doing-business-2014>

Political Corruption Report (only to page 18 incl.),
http://www.transparency.org/whatwedo/publication/global_corruption_report_2004_political_corruption

The Democracy Index report, The Economist Intelligence Unit, Democracy Index 2014,
http://www.eiu.com/public/topical_report.aspx?campaignid=Democracy0115

The Economist: Where to be born index, <http://www.economist.com/news/21566430-where-be-born-2013-lottery-life>

The Frazer Institute, The Economic freedom of the world, Executive summary:
<http://www.freetheworld.com/2013/EFW2013-exec.sum.pdf>

The Frazer Institute, The Economic freedom of the North America 2013 (only Chapter 1):
http://www.freetheworld.com/2013/efna/EFNA2013-FINAL_revised.pdf

The Freedom House: Freedom in the World, Eurasia and population, reports 2014,
<http://freedomhouse.org/sites/default/files/Overview%20Fact%20Sheet.pdf>
<http://freedomhouse.org/sites/default/files/Eurasia%20Fact%20Sheet.pdf>
<http://freedomhouse.org/sites/default/files/Population%20Trends%2C%20FIW%201980-2014.pdf>

The Freedom House: Nations in Transit 2014, <http://freedomhouse.org/report/nations-transit/nations-transit-2014#.U7PXlbTzxzU>

The Heritage Foundation: Index of Economic Freedom, The Executive Highlights 2014,
<http://www.heritage.org/index/book/executive-highlights>



The Heritage Foundation: Index of Economic Freedom, The Special 20th Anniversary Essay,
<http://www.heritage.org/index/book/20thannchapter>

Transparency International, Corruption Perception Index 2014, at:
<http://www.transparency.org/whatwedo/publication/cpi2014>

UNDP: The rise of the South, Human development index 2013 – summary,
http://hdr.undp.org/sites/default/files/hdr2013_en_summary.pdf

UNDP: about the index, <http://hdr.undp.org/en/statistics/hdi>