

Lecture 23
Chapter 23
The Web
Chapter

Economies in Transition:

RUSSIA **CHINA**

CUBA **JAPAN**

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Ideology and Institutions

Marxian Ideology

Labor theory of value

Surplus Value

State Ownership

Central Economic Planning

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Planning Goals & Techniques

Industrialization
 (Rural Development in China)

Resource Over-commitment

Resource Mobilization

Allocation by Directives

Government Price Setting

Self-Sufficiency

Passive Macroeconomic Policies

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Problems with Central Planning

The Coordination Problem

The Incentive Problem

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Collapse of Soviet Economy

Declining Growth

Poor Product Quality

Few Consumer Goods

Large Military Burden

Agricultural Drag

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RUSSIAN TRANSITION

Privatization

Price Reform

Promotion of Competition

Joining the World Economy

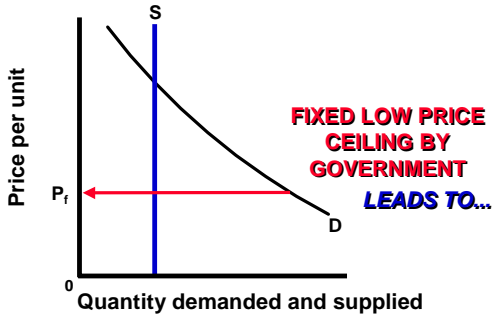
Price-Level Stabilization

Major Problems

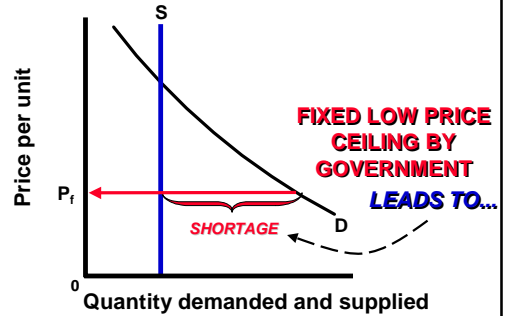
Future Prospects

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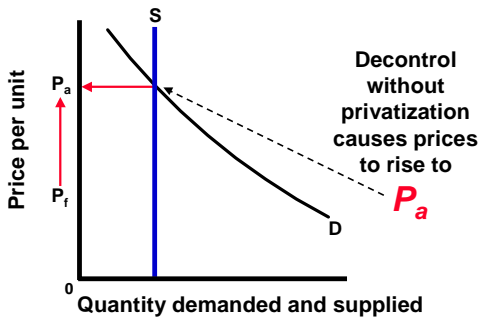
Prices in Central Planning



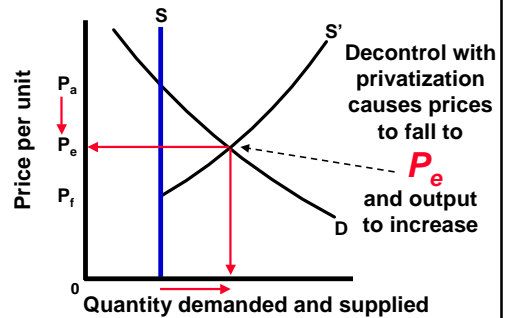
Prices in Central Planning



Prices in Central Planning



Prices in Central Planning



Market Reforms in China
Agricultural & Rural Reform
Township & Village Enterprises
Reform of Urban Industries
State Owned Enterprises (SOE)
Urban Collectives
Special Economic Zones
Development of Supporting Institutions

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Outcomes & Prospects
Positive Outcomes of Reform
Problems

- **Incomplete Property Rights**
- **Macroeconomic Instability**
- **Integration into Global Economy**
- **Geographically Uneven Development**

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THANKS!

*...and best wishes to you
in your future studies!
Prof. Lewis*



*Next class is the final exam!
Lectures 18-23
Chapters 17-18, 20-23*

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