

This review sheet is intended to cover everything that could be on the exam. However, it is possible that I may have inadvertently overlooked something. You are still responsible for everything in the chapters covered except anything that I explicitly say you are not responsible for. Therefore, if I left something off of this sheet, it can still be on the exam. There will be no multiple-choice questions. Most of the questions will be like the ones on the homework assignments, and possibly a few definition questions. I am more likely to ask questions that make you use definitions rather than have you recite them. I will probably ask one of the questions from the book at the end of the chapters.

The review session for this class will be Sunday, 10/26, at 7:00, in a room to be announced.

In general, for the chapters on different countries, I will be asking about how different countries fit or fail to fit the model that is applied to them. I will also ask about how those deviations help and/or hurt the functioning of the economy. I will not ask about specific numbers like the percentage of government revenue derived from the income tax. For the theory chapters, I will ask about the theories underpinning the models, how the model works, and what the problems are with the models.

Chapter 6: What is socialism? What brought about those schools of thought? What were the utopian societies that were set up in France and how were they run? How has socialism changed over time? What does socialism feel about private property, prices, and the government? How do Marx's views differ from the traditional labor theory of value? Why did he feel that crises and depressions will always occur and get worse each time? Why does materialism and/or dialectical materialism determine history? Work on understanding the strengths and weaknesses of Marx's views. Understand how the theory was applied to the countries in this chapter. Note that we will discuss some of them in later chapters.

Chapter 7: Why did communism take hold in Russia? Explain how leaders like Lenin, especially his NEP, Stalin, Khrushchev, Brezhnev, and Gorbachev, affected economic policy in the USSR? Which policies were good and which policies were poor? How did the USSR fit the Marxist model? How did it differ from the Marxist model? What are the economic legacies of the USSR that Russia has to deal with?

Chapter 8: What did Russia have to change in their economy, laws, and politics, during its transition to capitalism? How did Russia make those changes? What worked well and what did not? How did they privatize large firms, small firms, agricultural system, and banks? What was their fiscal reform? What problems for the future with corruption, uneven income distribution, instability in the economy and politics, pollution, and the cashless society?

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This is the non-graded assignment #6A that will be covered with assignment #6.

- 1) (15 points) Suppose you ruled a communist country and want to turn it into a market economy. Given the history of the Russian transition from a communist country to a capitalist country, would you use the *shock treatment* or the *gradual* approach to transition? Explain your logic.
- 2) (10 points) Why was it important for Russia to create contract laws before a market economy could emerge?
- 3) (20 points) Many countries, including ones like Egypt which were never communist, have privatized industries. Under what circumstances should the government allow foreigners to buy firms? Explain your logic.
- 4) (25 points) Two methods of selling off government-run companies are the voucher system and public auction. What are the advantages of each of these two methods compared to the other one? Explain your logic.
- 5) (30 points) There are a large number of problems with Russia's current economy. Which problem do you feel is the most pressing problem? Why did you choose this problem? What would you do about the problem? How would your action reduce the problem?