

Write your name on the cover of the test booklet and nowhere else. Enclose this sheet with the booklet. Failure to follow these directions will cost you 1 point. The test has 150 points (to be scaled up to 240 points) and is scheduled to take 75 minutes. Therefore, expect to spend 1 minute for every 2 points. For example, a 14-point question should take 7 minutes. I can give extra time, but I will not give a lot of extra time.

1) (10 points) Answer EITHER Part A OR Part B.

A) How do communist countries make their economic plans?

B) What enabled the Soviet Union to survive for so long when the system had major economic flaws?

2) (14 points) Answer EITHER Part A OR Part B.

A) Marx predicted the fall of capitalism. If the capitalist countries had not reformed themselves, do you think that capitalism would have fallen by now? Explain your logic.

B) Marx predicted the fall of capitalism. Explain his theory as to why capitalism would fall.

3) (14 points) Answer EITHER Part A OR Part B.

A) Your book says that one of the reasons for the failure of *Perestroika* is that it came too late. Do you think it would have worked if it was done in the 1960s? Why or why not?

B) What aspect of the Soviet Union do you think Marx would have complained the most about? Explain your logic.

4) (18 points) Answer EITHER Part A OR Part B.

A) What could the Soviet Union have done differently if it wanted to survive until now and well into the future?

B) What do you think were the two greatest negative aspects of the Soviet Union? Explain why you felt those two aspects were extremely detrimental to the country.

5) (18 points each) The book lists six *conversion of laws to a market economy*. For TWO of the ones I listed below, explain why it is important. Then choose one of the four countries (Russia, Hungary, Poland, and the Czech Republic) and explain whether this country has done a good job with that conversion of the law.

A) Anti-trust laws.

B) Property laws.

C) Intellectual Property laws.

D) Securities laws to regulate bonds and stocks.

6) (18 points) Answer EITHER Part A OR Part B.

A) Marx gave several arguments for low wages under capitalism. Explain one of them. He also argued that capitalism required a reserve of unemployed people. How does economic theory say that these two arguments are incompatible?

B) Explain Marx's dialectic materialism. Do you think it is accurate? Why or why not?

7) (20 points) For EITHER Poland OR Hungary, explain what you think is the greatest challenge facing that country. Explain why they will have that problem. If you ruled that country, what would you do to face that challenge? Explain how that would address the problem.

8) (20 points) Answer EITHER Part A OR Part B.

A) Do you think Russia or the Czech Republic has a better banking system now? Explain your logic?

B) Which of the four countries' privatization do you think was particularly well done? How did they do it? Why was it successful?