

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 180 points) and is scheduled to take 75 minutes. Therefore, expect to spend 1 minute for every 2 points. For example, a 12-point question should take 6 minutes. I cannot give extra time because some students have a class after your class.

Remember to fill out course evaluations.

1) (12 points) Answer EITHER Part A OR Part B.

A) How does theoretical communism do on the outcome of “stability”? Explain your logic.

B) Of the five outcomes, (efficiency, equality, growth, long-run viability, and economic stability), which do you think is the greatest weakness of theoretical communism? Explain your logic

2) (12 points) Answer EITHER Part A OR Part B.

A) What is the “labor theory of value”? What is a problem with it? Explain your logic.

B) What is “dialectic materialism”? How did Marx use it to explain the fall of capitalism?

3) (12 points) Answer EITHER Part A OR Part B.

A) When a country is transitioning from communist to capitalist, should the government liberalize prices or privatize corporations first? Explain your logic.

B) How does the length of time a country is communist matter to whether the country should transition from communist to capitalist quickly or slowly? Explain your logic.

4) (12 points) Answer ONE of the following parts. One per communist country

A) Did Czechoslovakia have a relatively open or closed economy when it was communist? Did that make the transition to capitalist easier or more difficult? Explain your logic.

B) What was *perestroika*? How did it contribute to the fall of the Soviet Union? Explain your logic.

C) Why is it important that China joined the WTO? Explain your logic.

5) (16 points) Answer EITHER Part A OR Part B.

A) Why do you think Czechoslovakia’s “Velvet Revolution” had a relatively smooth transition to capitalism? Explain your logic mentioning two reasons.

B) Why do you think the Czech Republic has done better than the Slovak Republic since Czechoslovakia split? Give two reasons and mention the economic reasons why those qualities helped them.

6) (16 points) The economy of the USSR diverged from theoretical communism in several ways. Some of these differences are helpful while others hold them back. For ONE of the differences which **helped** the Soviet Union, explain how it results in an economy better than theoretical communism. Explain your logic.

7) (16 points) During Chairman Mao’s reign of China, he made many changes to the economy. Some of these would have been liked by Marx, but others would not be liked. For one change he

made which Marx would have **disliked**, state what he did and why you think Marx would have disliked it.

8) (18 points) Answer EITHER Part A OR Part B.

A) Czechoslovakia and the Soviet Union usually privatized small companies like restaurants in different ways. How were they different? Why were they different? For either method, explain a disadvantage of privatizing in that manner.

B) Both Russia and the Czech Republic have a small government debt. Explain how they both achieved that. Just based upon the cause of the small government debt, which country do you think will do better in the future? Explain your logic.

9) (18 points) Answer EITHER Part A OR Part B.

A) Does the Czech Republic or China have a larger GDP per capita? Give two reasons why this is the case. Make sure you mention a strength of the one country and a weakness of the other country in your two reasons.

B) China and the Czech Republic have different laws regulating foreign ownership of stock. How do they differ? Which system is better? Explain your logic citing one strength of that system and one weakness of the other system.

10) (18 points) Answer EITHER Part A OR Part B.

A) For the USSR and China, did they have a U-form or an M-form of government when they were communist? State what those two forms are. Which form was more helpful to the country? Explain your logic.

B) Do you think Russia or China will have a stronger economy in twenty years? Explain your logic pointing to a strength of that country and a weakness of the other.