

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

- 1) (15 points) Did communist China have an M-form or a U-form of government. Explain how that helped it to transition to a capitalist country better.
- 2) (25 points) Chinese companies have two types of share of common stock, A-shares and B-shares. Explain the difference between them. What was the advantage of making two types of shares for the same company? Since your book was published, some foreigners can buy A-shares with great difficulty. Do you think that move was a smart move? Explain your logic.
- 3) (20 points) According to the article below, the Chinese financial system is likely to have long-term problems. Explain the cause of those problems.
<https://www.atlanticcouncil.org/blogs/econographics/chinas-property-slump-deepens-and-threatens-more-than-the-housing-sector/>
- 4) (10 points) What is meant by the Chinese “national champions”. Explain why that policy may hurt the country in the long-run.
- 5) (15 points) Czechoslovakia privatized some companies and land via restitution. What does that mean and why did they do that?
- 6) (15 points) Why do you think Czechoslovakia’s transition to capitalism went smoother than it did in the USSR excluding the Baltic states? Explain your logic.

The important data for Russia and China with footnotes on the back:

Variable	Russia	China	Czechia
unemployment rate	2.2%	5.1%	5.1% up
GDP per capita	\$47,405	\$27,047*	\$47,961
GDP growth rate	0.6%	5.5%	0.5%
inflation rate	5.6%	0.8%	1.6%
gov deficit/GDP	2.6%	4.88%	1.2%
gov debt/GDP	16.4%	88.33%	43.1%
interest rate	16% “benchmark”	1.3% - 2.24% gov bonds	3.5% 3month gov bonds
Gini Coefficient	33	35.7	25.7

Trade balance/GDP	2%**	5.03%	1.05%
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*The GDP for China was incorrectly reported as \$20.29 trillion in the presentation. It is \$38.19 trillion using PPP. (I should have reduced the group grade 1 point for that error.)

<https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.CD?locations=CN>

** According to a blurb from Google citing the RCB.ru website 2/11. (I do not trust that webpage to be safe, so I did not go to it.)

All data is either from the sites I mentioned in the electronic version of the previous homework, or is from sites you provided in your presentation.

Czechia sources in the order of the data above:

<https://tradingeconomics.com/czech-republic/unemployment-rate>

<https://tradingeconomics.com/czech-republic/gdp-per-capita-ppp>

<https://tradingeconomics.com/czech-republic/gdp-growth>

<https://tradingeconomics.com/czech-republic/inflation-cpi>

<https://csu.gov.cz/government-finance-statistics?pocet=10&start=0&podskupiny=055&razeni=-datumVydani> for deficit and debt

<https://fred.stlouisfed.org/series/IR3TIB01CZM156N>

<https://data.worldbank.org/indicator/SI.POV.GINI?locations=CZ>

<https://tradingeconomics.com/czech-republic/current-account-to-gdp>

Other sources:

<https://www.coface.com/news-economy-and-insights/business-risk-dashboard/country-risk-files/czechia-czech-republic>

https://www.cnb.cz/en/about_cnb/

https://www.financialprofessionals.org/docs/default-source/default-document-library/pdf/cp_afp-czech-pdfffa6b334e827d6df1bc1fff00003724d4.pdf?sfvrsn=0

<https://ceelegalmatters.com/competition-2024/czechia-competition-2024>

<https://www.transparency.org/en/countries/czech-republic>

<https://czechinvest.gov.cz/en/For-Investors/Doing-business-in-Czechia/Taxation-system>

<https://taxfoundation.org/location/czech-republic/page/2/>

https://static.heritage.org/index/pdf/2025/2025_indexofeconomicfreedom_czech-rep.pdf

<https://freedomhouse.org/country/czechia/freedom-world/2025>