Midterm II

You have 50 minutes to complete the 100 points worth exam. Be precise and to the point. Good luck!

PART I (24%) - Short Descriptions: answer 4 of 6

In two to three coherent sentences, explain and/or define each of the following concepts.

1. Chaebol  4. Indicative planning
2. Repressed inflation  5. Marxism-Leninism
3. Technical coefficients  6. Crony capitalism

PART II (40%) - Short Answers: answer 2 of 3

a. Describe the EFO model. How does it work? What were the reasons for its implementation? What is its underlying purpose? Make sure you clearly explain how the mechanism works.

b. Why has investment been very high in the East Asian Economies? When answering the question, relate to concepts such as saving, consumption, the structure of the financial system, etc.

c. Describe Germany’s role in the European Monetary Union. How has Germany benefited from the euro?

PART III (26%) - Essay Topics: answer 1 of 2

A. Describe the theoretical framework of socialism. How did socialists deal with the allocation of resources? How were prices established? What kind of information does a central planning board need to have for an efficient allocation of resources?

B. Describe the East Asian economic miracle. What were its main characteristics? How involved were respective countries’ governments? What happened with labor, capital, etc? Was is really a miracle?
PART IV (10%) - Readings: answer all 5

Multiple choice

1. The EU’s deficit cap is set at ____ percent of GDP.
   (a) 0
   (b) 1
   (c) 2
   (d) 3
   (e) 4

2. Small and medium sized firms in Germany are collectively called the
   (a) Mitbestimmung.
   (b) Treuhandanstalt.
   (c) CMEA.
   (d) Ordnungspolitik.
   (e) Mittelstand.

3. Which of the following countries has introduces “free schools?”
   (a) France
   (b) Sweden
   (c) Germany
   (d) Japan
   (e) Russia

4. Japanese economic policy under the current regime has been named
   (a) Yenology.
   (b) Japanomics.
   (c) Abenomics.
   (d) Yen-omics.
   (e) the Orient.

5. Historically, which of the following was the most important target for Soviet enterprise managers?
   (a) The profit target
   (b) The productivity target
   (c) The wage bill
   (d) The gross value target
   (e) The assortment target