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. Abenomics
2. Commanding heights
3. Article 50
4. Mitbestimmung (Codetermination)
5. Dirigisme
6. Flexicurity

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

a. Macroeconomic Disequilibrium Describe the macroeconomic disequilibrium in the Soviet Union. Why was there a disequilibrium? What was the resulting problem?

b. Indicative Planning Some have argued that indicative planning is attractive as a mechanism for resource allocation because it eliminates some of the negative features of directive planning while retaining positive features. Comment.

c. Lewis Model Explain the essence of the Lewis two-sector model and why it is of relevance to understanding economic growth in Asia. (Hint: you don't need to draw any graphs, but simply explain the main idea behind the model.)

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

A. Active Labor Market Policy Explain the role of government in promoting full employment in Sweden through its active labor market policies. Explain why active labor market policies are more important in Sweden than in the United States. What are the three general programs constituting active labor market policy in Sweden. Explain them and their relative importance in Sweden.

B. The Rhine Model Describe the German (Rhine) economic model. What are its characteristics? What are its main institutions? How has Germany reformed its labor markets in the early 2000s? What has been the consequence of the euro on the German economy?
PART IV (10%) - Readings: answer all 5

Multiple choice

1. Out of the five nordic countries, which one is NOT a member of the European Union?
   (a) Norway
   (b) Sweden
   (c) Denmark
   (d) Finland
   (e) Iceland

2. In the Soviet Union, the method of plan formulation was called
   (a) material balance planning.
   (b) indicative planning.
   (c) the turnover tax.
   (d) scientific planning.
   (e) planning with markets.

3. The Japanese model of corporate governance could be best described as
   (a) crony capitalism.
   (b) shareholder capitalism.
   (c) indicatively planned.
   (d) stakeholder capitalism
   (e) planned socialism.

4. Who is the current French president?
   (a) Emmanuel Macron
   (b) Jean-Baptiste Colbert
   (c) Francois Fillon
   (d) Francois Hollande
   (e) Marine Le Pen

5. Brexit stands for
   (a) Scotland exiting Great Britain.
   (b) Great Britain exiting the European Monetary Union.
   (c) Great Britain adopting Thatcherism instead of the European economic model.
   (d) England, Wales, Scotland, and Northern Ireland splitting into separate countries.
   (e) Great Britain exiting the European Union.