Final Exam

You have 1.5 hours to complete the 100 points worth exam. Good luck!

PART I (30%) - Short Descriptions: answer 5 of 8
In two to three coherent sentences, explain and/or define each of the following concepts. Make sure you comment on the importance, context, and relevance of each concept.

1. Kleptocracy
2. Flexicurity
3. Perestroika
4. Chaebol
5. Zákat
6. Mao Zedong
7. Control by the ruble
8. Work points

PART II (32%) - Short Answers: answer 2 of 4
Write a paragraph about each topic/question.

a. Islamic Banking Describe the institution of banking within the Islamic economic system. What are the principal-agent problems prevalent in the system? How do Islamic banks practice lending?

b. Active Labor Market Policy What is the purpose of an active labor market policy? What does it include? Does it have any drawbacks?

c. Special Economic Zones Describe the concept of Special Economic Zones (SEZs) in China. What are the four main reasons for creating SEZs in China? Which one is the most important and why?

d. Capital Markets One of the most fundamental differences between a market economy and a centrally planned economy is the absence of capital markets in the latter. Discuss the problems of a system without capital markets. Focus on the role of the capital markets in the “life of a firm.”

PART III (30%) - Essay Topics: answer 1 of 2
Write an essay on one of the topics, answering all questions in each topic in a single, clear, coherent, and concise essay.

A. Participatory Economy Describe the institutions in a participatory (market socialist) economy. Compare it to both a market capitalist and a centrally planned economic system and discuss benefits and negative aspects of a participatory economy.

B. Lewis Two-Sector Model Lewis two-sector model is said to be a good description of industrialization in East Asia. What is the essence of this model, and why is it of relevance to understanding economic growth in Asia? Use the graphs to represent the two sectors and explain the dynamics of labor movement from one sector to the other.
PART IV (10%) - Readings: answer all 5

1. Which of the following institutions of an Islamic economic system is most widely adopted across Islamic countries?
   (a) Gharar
   (b) Riba
   (c) Zakat
   (d) Islamic banking
   (e) Avoidance of monopoly

2. Which of the following transition countries experienced a war in the 1990s?
   (a) Yugoslavia
   (b) China
   (c) Poland
   (d) Hungary
   (e) Turkey

3. The Commonwealth of Independent States refers to
   (a) all transition economies.
   (b) former Soviet states.
   (c) Eastern Europe.
   (d) Russia.
   (e) none of the above.

4. Who of the following was a Russian oligarch?
   (a) Boris Yeltsin
   (b) Mikhail Gorbachev
   (c) Anatoliy Chubais
   (d) Mikhail Chernoi.
   (e) Yegor Gaidar

5. Which of the following processes describes the return state assets to their former private owners in situations where the government’s original acquisition is seen as unjust, such as uncompensated seizure.
   (a) stabilization
   (b) insider privatization
   (c) restitution
   (d) asset stripping
   (e) poverty deficit