Final Exam

You have 1.5 hours to complete the 100 points worth exam. Please put your name on each sheet of paper and put answers to all the questions (including the multiple choice questions) on the answer sheets. 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. Great Leap Forward
2. Glasnost
3. Input-output analysis
4. Loans-for-shares
5. Work Points
6. Murābaha
7. Boris Berezovsky
8. Thatcherism

PART II (30%) - Short Answers: answer 2 of 4
Write a paragraph about each topic/question.

a. Market Socialism Explain how a market socialist economic system is different from both a market and a socialist economic system. While discussing differences, make sure you explain what makes a market socialist system appealing.

b. Homo Islamicus Compare and contrast Homo Islamicus and Homo Economicus.

c. Township Village Enterprises Describe Chinese Township-Village Enterprises (TVEs). List at least three different characteristics of TVEs? Why were TVEs so important for China?

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 the 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. Market Economic System List and explain three strengths of a market system. Then, explain the concept of market failure (one of the weaknesses). What are the four major market failures we have covered in class? Explain each in detail and give a brief example of how the government would get involved to fix (or at least try to fix) each particular market failure.

B. Russia’s Transition Describe Russia’s transition from socialism to capitalism. How did socialism collapse in the Soviet Union? Describe reforms that Russia implemented in the early 1990s. What were the main components of institutional reform in Russia after the collapse of socialism?

Turn over →
PART IV (10%) - Readings: answer all 5

1. Which of the following countries practiced worker self-management of enterprises?
   (a) China
   (b) Russia
   (c) Cuba
   (d) Yugoslavia
   (e) Iran

2. After the Soviet Union collapse, Cuba’s economy collapsed and the average Cuban shed about 12 pounds. How was this era in Cuban history called?
   (a) the Hunger Era
   (b) the Rough Years
   (c) the Special Period
   (d) the Desperate Years
   (e) the Era of Solidarity

3. Who of the following individuals was or is not an oligarch?
   (a) Roman Abramovich
   (b) Boris Berezovsky
   (c) Mikhail Khodorkovsky
   (d) Vladimir Gusinsky
   (e) Anatoliy Chubais

4. Which of the following “events” took place in China?
   (a) Glasnost
   (b) Cultural Revolution
   (c) Commanding Heights
   (d) War Communism
   (e) Meiji Restoration

5. According to Kornai, which element is not necessary for capitalism to function?
   (a) private property
   (b) democracy
   (c) market coordination
   (d) hard budget constraint
   (e) responsiveness to prices