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. Plaza Accord
2. Equilitarianism
3. Crony capitalism
4. Thatcherism
5. Agenda 2010
6. Control by the ruble

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

a. Indicative Planning “Many of the greatest economic evils of our time are the fruits of risk, uncertainty and ignorance.” (J. M. Keynes) What is the connection between the Keynes’ statement and the theory of indicative planning?

b. Labor Markets in Sweden Why is an active labor market policy a vital component of promoting full employment in Sweden? Why is an active labor policy more important in Sweden than in a more laissez-faire economy such as the US?

c. Performance of a Planned Socialist Economy Given the five performance criteria to evaluate economic outcomes, state and explain the hypotheses about the performance of a centrally planned economic system. How does it compare to a market capitalist economic system?

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

A. Japanese Bubble Economy Describe the Japanese bubble economy in the 1980s. What caused it? What were the main characteristics of the bubble? Why did the bubble burst and what were the main consequences?

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

Multiple choice

1. According to Lenin, the last stage of capitalism is
   (a) communism.
   (b) utopian socialism.
   (c) scientific socialism.
   (d) imperialism.
   (e) market socialism.

2. The socialist calculation debate was about
   (a) the feasibility of socialism as an economic system.
   (b) whether Marx or Lenin is the final authority on socialist economics.
   (c) whether cooperative or state ownership would be better.
   (d) the dispute between Marx and Engels.
   (e) none of the above.

3. Which of the following terms is not associated with a market economy (capitalism)?
   (a) invisible hand
   (b) planner’s preferences
   (c) consumer sovereignty
   (d) indicative planning
   (e) material incentives

Matching

4. Match the following presidents/prime ministers with their respective countries (0.5 points each):
   A. Emmanuel Macron
   B. Angela Merkel
   C. Shinzo Abe
   D. Theresa May

   ____ Germany
   ____ Japan
   ____ Great Britain
   ____ France