Homework VIII

DO NOT TURN IN

Type out the answers, use single-spacing, and a size 12 font.

1. **Definitions** (8 points) Briefly explain the following terms: 1) Work points; 2) Market socialism; 3) The Great Leap Forward; 4) J-curve; 5) Market liberalization; 6) Perestroika; 7) Mikhail Gorbachev; 8) Kleptocracy.

2. **Participatory economy** (3 points) What were Vanek’s five principles for a participatory economy? How did these principles address deficiencies of either the market (capitalist) or the centrally planned (socialist) system?

3. **Income Maximization** (3 points) Describe how firms in a labor-managed economy choose the level of production. Draw a graph and explain in words.

4. **Investment** (3 points) Why is there less investment in a participatory than in a capitalist economy? Relate your answer to the difference between who owns capital and who gets profits.

5. **Dual-track Transition** (3 points) Describe the process of dual track transition as it was practiced in China.

6. **Township Village Enterprises** (2 points) Explain TVEs in China. Why were TVEs important in China’s transition?

7. **China’s Economic Growth** (3 points) According to the article “Understanding China’s Growth: Past, Present, and Future,” what is the main difference between the types (sources) of economic growth between the pre-1978 and post-1978 periods?

8. **Price liberalization** (2 points) Describe the process of price liberalization in transition countries. What were the consequences?

9. **Privatization** (2 points) Which types (modes) of privatization were used in transition countries? Choose one mode of privatization and explain its positives and negatives features/characteristics.

10. **Transition** (6 points) List and explain three points/arguments/questions from Janos Kornai’s article “What the Change of System From Socialism to Capitalism Does and Does Not Mean.”

11. **The Rise and Fall of the Russian Oligarchs I** (3 points) List three oligarchs that were covered in the video we watched in class.

12. **The Rise and Fall of the Russian Oligarchs II** (4 points) Explain the loans-for-shares scheme in Russia in the 1990s.