

Write your name on the cover of the test booklet and nowhere else. Enclose this sheet with the booklet. Failure to follow these directions will cost you 1 point. The test has 150 points (to be scaled up to 180 points) and is scheduled to take 75 minutes. Therefore, expect to spend 1 minute for every 2 points. For example, a 12-point question should take 6 minutes. I cannot give extra time because some students have a class after your class.

Remember to fill out course evaluations.

1) (12 points) Answer EITHER Part A OR Part B.

- A) How does theoretical communism score on the outcome of efficiency? Explain your logic.
- B) Of the five outcomes, (efficiency, equality, growth, long-run viability, and economic stability), which do you think is the greatest strength of theoretical communism? Explain your logic.

2) (12 points) Answer EITHER Part A OR Part B.

- A) Explain what Marx meant by *dialectic materialism* and why it would cause the fall of capitalism.
- B) How does the length of time a country was communist affect its transition from a communist economy to a capitalist country? Explain your logic.

3) (12 points) Answer EITHER Part A OR Part B.

- A) When transitioning from a communist economy to a capitalist economy, a country must write laws about enforcement of contracts. Explain why those laws are not needed in communism and why they are needed in capitalism.
- B) When transitioning from a communist economy to a capitalist economy, a country must liberalize wages and prices before they privatize a company. Explain why.

4) (12 points) Answer ONE of the following parts.

- A) The Soviet Union had a problem of *soft budgets*. What is that and why is that a problem?
- B) China's *Great Leap Forward* and *Cultural Revolution* had what impact on its economy? Explain why they had that impact.
- C) The Czech Republic has done better than the Slovak Republic since Czechoslovakia split in half. Why do you think this is the case? Explain your logic.

5) (16 points) Answer EITHER Part A OR Part B.

- A) During the communist time, Czechoslovakia was a member of the CMEA. What was it? It both helped and hurt the economies of the member countries. How did it **help** Czechoslovakia?
- B) During the communist time, the Czechoslovakian government had firm controls over prices and wages. Is that in line with theoretical communism? Explain your logic. Is that system good or bad from an economic point of view? Explain your logic.

6) (16 points) The economy of the USSR diverged from theoretical communism in several ways. Some of these differences are helpful while others hold them back. For ONE of the differences which **hurt** the Soviet Union, explain how it results in an economy worse than theoretical communism. Explain your logic.

7) (16 points) During the 20th century, the Chinese economy diverged from theoretical communism in several ways. Some of these differences are helpful while others hold them back. For ONE of the differences which **helped** China, explain how it is an improvement on theoretical communism. Explain your logic. Note, I am asking about when China was definitely communist. Therefore, the most recent changes are not relevant.

8) (18 points) Answer EITHER Part A OR Part B.

A) When Czechoslovakia privatized companies, in some cases, they used a method not used in the Soviet Union. What was that method? Why did they use that method? Why didn't the Soviet Union use that method?

B) Do you think the Russian economy or the Czech Republic's economy will do better in 20 years? Explain your logic talking about how one strength of that economy will help them and how one weakness of the other economy will hurt them.

9) (18 points) Answer EITHER Part A OR Part B.

A) The Czech Republic and China have different systems of ownership of big companies. Describe the differences in the ownership of shares of stock. Which system do you think is better? Explain your logic.

B) Do you think the Chinese economy or the Czech Republic's economy will do better in 20 years? Explain your logic talking about how one strength of that economy will help them and how one weakness of the other economy will hurt them.

10) (18 points) Answer EITHER Part A OR Part B.

A) The Soviet Union has fallen, but China's economy is growing fast. Explain two differences between their communist economies in the late 1970s and early 1980s which allowed China to thrive while the Soviet Union fell. Explain why those differences gave different results.

B) Both Russia and China rely heavily upon exports. What do they each export? Which export will help them more in the long-run? Explain why that export will help their economy and why the other export may not help that economy.