

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 1 point. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

- 1) (25 points) The book says that the “degree of openness” plays an important roll in how easy a transition from communism to capitalism will be for a country. What does that mean? How does the degree of openness matter? Why does it have that effect?
- 2) (20 points) Russia was communist for about 75 years while Czechoslovakia was only communist for about 45 years. Based solely upon that fact, which country do you think had an easier transition to capitalism? Explain your logic.
- 3) (20 points) One of the laws which needs to be created for the transition from communism to capitalism is bankruptcy law. Why did communist countries not need it? Why are those laws needed for capitalist countries?
- 4) (20 points) One of the laws which needs to be created for the transition from communism to capitalism is contract law. Why did communist countries not need it? Why are those laws needed for capitalist countries?
- 5) (15 points) Why does it matter whether or not people think the reforms may be reversed?