

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) Explain how the *labor theory of value* is used to determine prices in theoretical communism.

B) What is the greatest weakness of theoretical communism? Explain your logic.

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

A) Is theoretical communism good on the desired outcome of stability? Explain your logic.

B) How does theoretical communism determine how much to produce? Explain the process they use.

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

A) Should a country transitioning from communism to capitalism liberalize wages and prices before they privatize the corporations, do the two at the same time, or privatize first? Explain your logic.

B) If you were ruling a country which was transitioning from communism to capitalism, how would you decide whether to transition slowly or quickly? I.e., what is one of the facts you would consider while making the decision? Briefly explain why you would consider that.

4) (12 points) Answer ONE of the following parts. One per communist country

A) What is the biggest problem with the Chinese banking system? Briefly explain why that is a problem.

B) Does the Czech Republic have a problem with corruption? Explain how that will affect their economy in the future.

C) What was *perestroika*? Briefly explain how it impacted the Russian economy.

5) (16 points) What do you think is the greatest strength of the Czech economy? Explain how that helps their economy.

6) (16 points) During both Lenin's reign and Stalin's reign of Russia, they made many changes to the economy. Some of these would have been liked by Marx, but others would not be liked. For one change one of them made which Marx would have **disliked**, state what he did and why you think Marx would have disliked it.

7) (16 points) The economy of the China has 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 results in an economy better than theoretical communism. Explain your logic.

8) (18 points) Answer EITHER Part A OR Part B. Czech Republic vs Russia

A) Did the Czech Republic or Russia have an easier transition to a capitalistic country? Explain two reasons why their transition was easier.

B) Does the Czech Republic or Russia have a larger Gini Coefficient? What about either their past or current situation do you feel led to this difference? Explain your logic.

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

A) Do you think The Czech Republic or China will have a better economy in 10 to 20 years? Explain your logic pointing to two differences between the countries.

B) Does The Czech Republic or China have a higher GDP per capita? What difference in their past do you think let to this? Explain your logic.

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

A) Russia and China both have a lot of exports. What do they each export? Given just that aspect of their economies and nothing else about them, which do you think will have a stronger economy in 10 years? Explain your logic.

B) Why do you think the Soviet Union collapsed while China did not? Explain your logic citing two reasons.