

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 determine what to produce more of? Explain your logic.
B) How are prices determined in theoretical communism? (You can explain either the original theory or Marx's revised theory.)

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

- A) Why did Mises and Hayek conclude that theoretical communism cannot work? Explain their logic.
B) How does theoretical communism do on the outcome of stability? Explain your logic.

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

- A) Should a country transitioning from communism to capitalism, liberalize wages and prices or privatize the firms first? Explain your logic.
B) If you were ruling a country which was transitioning from communism to capitalism, what method of privatization would you use for most large firms? Sell to anybody, sell only to residents, use vouchers, or give it to the employees? Explain your logic.

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

- A) What was China's "spontaneous agriculture reform"? Why was it important?
B) Since Czechoslovakia split into Czech Republic and the Slovak Republic, which country has done better? Explain one reason why that country did better.
C) What was *glasnost*? How did it affect the economy of the USSR? Explain your logic.

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

6) (16 points) Prior to Gorbachev's term in office, the USSR made several changes from theoretical communism. State one change which improved their economy. Explain how that helped the country.

7) (16 points) The economy of China has diverged from theoretical communism in several ways. What is one difference? Do you think Karl Marx would have liked that? Explain your logic.

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

- A) Did the Czech Republic or Russia have an easier transition from communism to capitalism? Give two aspects of their economy which resulted that country had an easier transition. Explain

how it helped the country with the transition.

B) Will the Czech Republic or Russia have a stronger economy in a decade? Explain your logic citing two differences between the two economies and explaining how those differences will help the country you chose.

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

A) Do you think The Czech Republic or China has a bigger problem with corruption. Explain how you reached that conclusion and explain how corruption hurts the country.

B) Has The Czech Republic or China had a faster growth rate of GDP in the past decade? What do you think caused that? Explain your logic citing two differences between the two countries.

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

A) Explain the difference between the USSR's U-form of government and China's M-form. Which do you think is better? Explain your logic.

B) Why do you think the USSR imploded but China did not? Explain your answer citing two differences between their economies.