

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 14-point question should take 7 minutes. I can give extra time but not much.

1) (10 points) Answer EITHER Part A OR Part B.

A) What is the greatest strength of communism? Explain your logic.

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

2) (14 points) Answer EITHER Part A OR Part B.

A) Is the Russian government running a big budget deficit or a small one? What is the reason why their deficit is that size?

B) What is the greatest strength of Russia's economy. Explain why you chose that aspect of their economy.

3) (14 points) Answer EITHER Part A OR Part B.

A) Poland is planning on eventually joining the euro zone. What is the advantage of doing that?

B) Hungary has a large debt, why is this a bad sign for their economy?

4) (14 points) Answer EITHER Part A OR Part B.

A) Russia has a much higher inequality of income than the USSR had. Explain why this is the case.

B) All or nearly all former communist countries which transitioned to capitalism in the 1990s had hyperinflation at some point? Why did this occur? Explain your logic.

5) (18 points) Answer EITHER Part A OR Part B.

A) What was Marx's *dialectic materialism*? What is a weakness of that theory? Explain your logic.

B) I feel that Marx and Dickens saved capitalism. Explain my logic. Give an example of changes in our economy or another capitalist economy which can be traced back to one or both of them.

6) (20 points) Answer EITHER Part A OR Part B.

A) Would you say the Polish economy is in good shape or in poor shape? Explain your logic mentioning TWO different statistics and explaining why those statistics support your answer.

B) Would you say the Hungarian economy is in good shape or in poor shape? Explain your logic mentioning TWO different statistics and explaining why those statistics support your answer.

7) (20 points) Answer EITHER Part A OR Part B.

A) If you were to make a recommendation to President Putin as to how to improve the Russian economy, what would you suggest? Explain your logic as to why it is a problem and as to how your suggestion helps the economy.

B) Why do you think *perestroika* had such problems and is often written off as a complete failure? Explain TWO reasons.

8) (20 points) Answer EITHER Part A OR Part B.

A) There were many causes of the downfall of the USSR. Which TWO do you think were the most

important? Explain your logic.

B) If you could have advised either Gorbachev or Yeltsin during the transition to a capitalist country, what two things would you suggest they do differently than they did? Explain why what you suggest is better than what they did.

9) (20 points) Answer EITHER Part A OR Part B.

A) Suppose that you were running a country transitioning from communism to capitalism. In the past, the government had subsidized the production of electricity so that everybody could afford it. Would you privatize it? If no, then explain why not. If yes, then explain how you would privatize it and why you chose that method.

B) In my opinion, there has never been a country which Marx would have approved of. Why do you think that no country has ever been truly Marxist? Give TWO reasons.