

If statistical analysis does not show clusters of characteristics

- a. We can divide the world into economic systems
- b. factors other than the economic system affect outcomes
- c. growth cannot be measured accurately
- \*d. we can study institutional economics but not comparative economic systems
- e. None of the above

By the 18th century, the bulk of world output was produced in:

- a. Asia
- b. Africa
- \*c. Europe
- d. The Asian offshoots
- e. none of the above

The Industrial Revolution began in Germany and spread to Europe and North America.

- a. True
- \*b. False

The message that market economies will inevitably fail is associated with:

- \*a. Marx
- b. Samuelson
- c. Kornai
- d. Olson
- e. Hayek

The idea of a Leviathan state was promoted by

- \*a. Hobbes
- b. Smith
- c. Ricardo
- d. Mises
- e. Hayek

Spontaneous order is an idea of:

- a. Keynes
- b. Schumpeter
- c. Marx
- d. Lange
- \*e. None of the above

Soft budget constraints is an idea of:

- a. Mises
- b. Schumpeter
- \*c. Kornai
- d. Keynes
- e. Smith

In order to have a principal agent problem, there must be

- a. A market economy
- b. A dictator and a subordinate
- \*c. Asymmetric information
- d. a situation in which the principal and agent have the same objective
- e. Both c and d are correct

The creation of the European Union is an example of Hayek's:

- a. Human action
- \*b. Human design
- c. Spontaneous disorder
- d. None of the above

In the postwar period, the share of GDP of which of the following has increased the most?

- a. State companies
- b. Agriculture
- c. Industry
- d. State regulated utilities
- \*e. Government spending

Huntington said that future conflict will be based on:

- a. economics
- b. ideology
- c. geography
- \*d. differences in civilizations
- e. all of the above

Postwar globalization is not our first experience with worldwide globalization.

- \*a. True

b. False

Pillar(s) of the planned socialist economy:

- a. State ownership
- b. Planned resource allocation
- c. Leading role of the party
- \*d. All of the above
- e. None of the above

According to Olson the stationary bandit will be interested in growth and welfare:

- \*a. True
- b. False

Market economies are more decentralized than planned economies

- \*a. True
- b. False

There is no correlation between happiness and per capita income

- a. True
- \*b. False

Kornai argued that transition required the creation of democracy

- a. True
- \*b. False

According to Olsen, the dictator that promotes growth is the:

- a. tinpot
- b. roving bandit
- \*c. the stationary bandit
- d. all dictators are good for growth
- e. non dictator is good for growth

The Great Divergence refers to:

- a. The collapse of communism
- b. Asia's rise after World War II
- c. China's rapid growth after Mao's death
- \*d. The decline of Asia after the industrial revolution

e. none of the above

Institutions are:

- \*a. the rules of the game
- b. how resources are allocated
- c. illustrations of the laws of scarcity
- d. organizations that operate on a non-profit basis
- e. none of the above

Simon's man from mars would see primarily

- a. the flow of international trade
- b. capital hiring labor
- c. markets failing
- \*d. the flow of transactions within enterprises
- e. all of the above

Hayek and Mises argued that the greater efficiency of capitalism is due to

- \*a. its efficient generation and utilization of information.
- b. its efficient generation of perfect competition.
- c. its moral superiority.
- d. its lack of specialization.
- e. none of the above.

Kornai argued that transition from socialism to capitalism requires the creation of democracy

- \*a. True
- b. False

Marx's notion that societies go through inevitable stages of evolution is called:

- a. Surplus value
- \*b. Dialectical materialism
- c. The socialist revolution
- d. Primitive capitalist accumulation
- e. All of the above

In the twelfth century, the bulk of world population lived in:

- \*a. Asia

- b. Africa
- c. Europe
- d. The European offshoots
- e. none of the above

A common measure of income distribution is the:

- a. Bergson curve
- b. Kornai Curve
- c. Feldstein curve
- d. The Hayek Curve
- \*e. the Gini coefficient

The most populous country of the globe is:

- a. India
- \*b. China
- c. Pakistan
- d. The EU
- e. United States

In a market socialist economy

- a. Resources are allocated by the market
- b. Property is owned by the state or by collectives
- c. Information is centralized
- d. There are no public choices
- \*e. Both a and b

One reason to expect higher growth under planned socialism

- a. material balance planning
- b. the dictator's use of coercion
- c. growth based pricing policy
- d. the dictator worries about consumption
- \*e. the dictator can set a high investment rate

In order to have a principal agent problem, there always must be

- a. A market economy
- b. A dictator and a subordinate
- c. The principal has more information than the agent
- d. The principal and agent have different goals
- \*e. Both c and d are correct

The Industrial Revolution began in France.

- a. True
- b. False

CHOOSE TWO OF FOUR TO ANSWER

Write your answer on the computer. If you wish to draw a diagram, draw it on a sheet of paper and sign your name and student ID

- 1. Veil of ignorance
- 2. Horizontal versus vertical transactions
- 3. Creative destruction
- 4. Kornai's characteristics of capitalism

Write a short description of one of the extra readings. Be sure to identify the author and the title.