Student I.D. _____

Economics 536
Comparative Economics
Friday, February 20, 2004
8:50-9:25
E. Wayne Nafziger
Waters 350
1st Quiz

Fill out your answer card with a number 2 pencil with the best response among the options,
indicating student ID number and answers for the 16 multiple-choice questions. Note that the 16
multiple-choice questions count 48 points.

1. Among those economies for which we have growth records, which of the following were
    among the fastest growing economies, 1870-1998, and which were among the slowest
    growing economies, 1870-1998?

a.   Argentina, Japan, the United States, and Uruguay were among the fastest growers, and
        Britain, Canada, Norway, and Russia-USSR among the slowest growers.
b.   Argentina, Norway, the United States, and Uruguay were among the fastest growers, and
        Canada, Britain, Japan, and Russia-USSR among the slowest growers.
c.   Canada, Britain, Japan, and Russia-USSR were among the fastest growers, and
        Argentina, Norway, the United States, and Uruguay among the slowest growers.
d.   Canada, Japan, Norway, and Sweden were among the fastest growers, and Argentina,
        Britain, Russia-USSR, and Uruguay among the slowest growers.
e.   Canada, Norway, Russia-USSR and Uruguay were among the fastest growers, and
        Argentina, Britain, Japan, and the United States among the slowest growers.

2. What major events took place in the world during the first half of the 20th century?

a.   The Bolshevik revolution, the Bretton Woods agreement, the formation of regional
        trading blocs, and the great Western depression.
b.   The Bolshevik revolution, the Bretton Woods agreement, the formation of regional
        trading blocs, and World War II.
c.   The Bolshevik revolution, the Bretton Woods agreement, the great Western depression,
        and World War II.
d.   The Bolshevik revolution, the formation of regional trading blocs, the great Western
        depression, and World War II.
e.   The Bretton Woods agreement, the formation of regional trading blocs, the great Western
        depression, and World War II.

3. The rank order of countries in PPP gross national income in 2002, the latest year, is

a.   Japan, China, and the United States.
b.   Japan, the United States, and the United Kingdom.
c.   The United States, China, and Japan.
d.   The United States, Japan, and the United Kingdom

e.   The United States, the United Kingdom, and Japan

4. Schnitzer emphasizes the economic dominance of the United States. In which of the
    following did the United States rank first among nations at the end of the 20th century?

a.   child survival.
b.   equality of income distribution.
c.   government tax collection as a percentage of GDP.
d.   real GDP.
e.   the UN's human development index.

5. Which of the following institutions were established at Bretton Woods?

a.   The International Monetary Fund and World Bank.
b.   The International Monetary Fund and World Trade Organization.
c.   The International Monetary Fund, World Bank, and World Trade Organization.
d.   The World Bank and World Trade Organization.
e.   None of the above is correct.

6. Which of the following are institutions of capitalism?

a.   price system, private property, and a democratic government.
b.   price system, private property, and profit motive.
c.   price system, profit motive, and a democratic government
d.   private property, profit motive, and a democratic government
e.   All of the above are correct.

7. Which of the following countries ranks highest in the UN Development Program's poverty
rates (HPI-2)?

a.   Denmark
b.   Japan.
c.   Germany.
d.   Sweden.
e.   The United States.

8. Which of the following is characteristic of Japan, 1868 to the 1899?

a.   The development of a central banking system.
b.   The development of a personal income tax.
c.   The development of a pacifist constitution.
d.   A government hands-off approach.
e.   The rejection of foreign technology.

9. Japan's *ringi* system refers to

a.   the civil service.
b.   consensus decision-making.
c.   interlocking industrial groups.

d.   the iron triangle.
e.   the university entrance examination system.

10. Which of the following contributed to the end of Japan's fast economic growth during the
      last one to two decades?

a.   diminishing returns to capital
b.   exhaustion of the advantages of technical backwardness
c.   high bad debts as banks interlocked with industries.
d.   uncompetitive domestic industries.
e.   All of the above are correct.

11. According to the product cycle model,

a.   Advanced economies have a comparative advantage in labor-intensive goods while less-
        developed economies have a comparative advantage in capital-intensive goods.
b.   Advanced economies have a comparative advantage in nonstandardized goods while less-
        developed economies have a comparative advantage in standardized goods.
c.   Advanced economies have a comparative advantage in standardized goods while less-
        developed economies have a comparative advantage in nonstandardized goods.
d.   Comparative advantage shifts from an economy with unskilled labor in the beginning to
        an economy with highly skilled labor subsequently.
e.   None of the above is correct.

12. Reforms by the occupational government in Japan after World War II included

a.   constitutional liberalization.
b.   demilitarization.
c.   land reform.
d.   monetary stabilization reform.
e.   All of the above are correct.

13. Schnitzer calls the 20th century the American century because throughout that century the
    United States

a.   had the fastest economic growth in the world.
b.   had the largest economy in the world.
c.   had the highest standard of living in the world.
d.   had the largest population in the world.
e.   None of the above statements are correct.

14. The dual nature of Japanese industry involves the following two sectors:

a.   commercial banks and savings and loans banks.
b.   competitive exports and uncompetitive domestic industries.
c.   firms with average education of 4 years and those with average education of university.
d.   the commune and the private firm.
e.   the sogo shosha and the zaibatsu

15. The weaknesses of the Japanese economy include

a.   excessive individualism.
b.   government hands-off policies.
c.   high poverty rates.
d.   industrial cartels.
e.   low public educational rates.

16. Communitarian capitalism refers to

a.   emphasis on a group process.
b.   emphasis on short-term profits.
c.   local entrepreneurship.
d.   government "hands-off" approach.
e.   None of the above is true.

Student I.D. _____

Economics 536
Comparative Economics
Friday, March 19, 2004
8:30-9:25
E. Wayne Nafziger
Cardwell 102
1st One-Hour Examination

Fill out your answer card with a number 2 pencil with the best response among the options, indicating student ID number and answers for the 22 multiple-choice questions. Note that the 22 multiple-choice questions count 66 points, the first essay (#23) counts 20 points, and the last essay (#24) counts 14 points.

Be sure to put your name and student ID number on the top of the page for both essay questions. Allocate your time carefully.

1. Which of the following statements about East Germany is false?

a.   East Germany's income per person was higher than West Germany's before
        World War II.
b.   East Germany's living standards are higher than other former communist Eastern
        European countries.
c.   East Germany had a lower industrial productivity than West Germany in 1988-90.
d.   Employee per enterprise in East Germany is higher than that in West Germany.
e.   The unemployment rate in East Germany is lower than in West Germany.

2. Which of the following is a major feature of the German economy?

a.   centralized planning.
b.   lack of social security.
c.   regulation of business hours.
d.   state ownership of property.
e.   use of progressive income tax.

3. After unification of East Germany with West Germany, East Germany's

a. productivity reached the level of that of West Germany's.
b. small firms reduced their mortality rate.
c. unemployment rate rose.
d. wages rose to the level of West Germany's.
e. women improved their job prospects relative to men.

4. Marx's theory includes the following:

a.   absence of class antagonisms.
b.   alienation of the bourgeoisie from the product of their work.
c.   communism as a centralized state.
d.   materialist interpretation of history.
e.   None of the above is correct.

5. The Marxian dialectic involves, in order, the following economic stages:

a.   capitalism, feudalism, communism, and socialism.
b.   capitalism, feudalism, socialism, and communism.
c.   feudalism, capitalism, socialism, and communism.
d.   feudalism, socialism, communism, and capitalism.
e.   socialism, communism, capitalism, and high-consumption society.

6. According to contemporary Marxists, the sparcity of successful workers' revolutions in the
    West can be attributed to

a.   capitalists' divide and rule tactics.
b.   exploitation of workers outside the West.
c.   false consciousness supporting ruling-class ideologies.
d.   the capitalist state's powerful legal, police, and military machinery.
e.   All of the above are correct.

7. Which of the following was Lenin's idea in November 1917?

a.   Capitalist development had become established in Russia.
b.   State capitalism was a stage between capitalism and socialism.
c.   The Communist party was the vanguard of the proletariat.
d.   The democratic dictatorship of the proletariat and peasantry.
e.   All of the above are correct.

8. Compared to the economies of Western Europe and the United States, Russia-USSR had

a.   fast growth in the four decades of so before World War I, fast growth in the decade or so
     before World War II, and fast growth in the last quarter of the 20th century.
b.   fast growth in the four decades of so before World War I, fast growth in the decade or so
     before World War II, and slow growth in the last quarter of the 20th century.
c.   fast growth in the four decades of so before World War I, slow growth in the decade or so
     before World War II, and slow growth in the last quarter of the 20th century.
d.   slow growth in the four decades of so before World War I, slow growth in the decade or
     so before World War II, and slow growth in the last quarter of the 20th century.
e.   slow growth in the four decades of so before World War I, fast growth in the decade or so
     before World War II, and slow growth in the last quarter of the 20th century.

9. Which of the following was a period of decentralized reform during the Soviet period, 1917-91?

a. Chernenko's plans (1980s).
b. New Economic Policy (1920s).
c. Post-World War II (early 1950s).
d. Stalin's 1930s' plans.
e. None of the above is correct.

10. In the 1930s, the Soviet Union was characterized by
a. collective farming
b. heavy industry
c. a <u>nomenklatura</u> elite
d. party purges
e. All of the above are true.

11. Soviet economic performance, 1917-1937, included

a. fast industrialization
b. increased literacy
c. increased savings
d. reductions in the infant mortality rate.
e. All of the statements above are correct.

12. During the late 1980s, Mikhail Gorbachev's changes included

a. economic reform and tighter discipline.
b. faster growth in agricultural output
c. increasing alcohol consumption
d. openness to international trade.
e. None of the statements above is true.

13. The reason for the collapse of the Soviet economy included

a. the low literacy rate.
b. the low percentage of defense expenditures to GNP.
c. the low rate of technological progress.
d. the low savings rate.
e. None of the above is correct.

14. After 1991, the nomenklatura, those having access to government positions during the Soviet period,

a. comprised most of the poor under capitalism.
b. concentrated on national economic performance rather than control.
c. lost position to those further down the political hierarchy.
d. positioned themselves to control the new economy.
e. restored detailed state planning.

15. From 1990 to 2001, consumer prices in Russia

a.   fell by less than 1%.
b.   fell by more than 5%.
c.   increased less than 100%.
d.   increased more than 15-fold.
e.   stayed about the same.

16. A soft budget constraint refers to

a.   banks continuing to lend to losing enterprises.
b.   rigid tax rates with no flexibility.
c.   serious consequences from an enterprise deficit.
d.   stingy lending policies by banks.
e.   uniform tax rates for enterprises.

17. The transitional economies with the fastest economic growth between 1989 and 2001 include
a.   Czech Republic, Hungary, Poland, Russia, and Slovakia.
b.   Czech Republic, Hungary, Poland, Slovakia, and Slovenia
c.   Hungary, Poland, Russia, Slovenia, and Ukraine.
d.   Hungary, Poland, Russia, Slovakia, and Slovenia
e.   Hungary, Poland, Slovakia, Slovenia, and Ukraine

18. "Shock therapy" refers to

a.   an abrupt transition from planning to the market.
b.   a gradual approach to creating new market institutions
c.   a return to authoritarian rule.
d.   instituting widespread price controls.
e.   nationalization of industrial enterprises.

19. According to International Monetary Fund statistics, real GDP in Russia

a.   doubled between 1990 and 2001
b.   fell about 3% from 1990 to 2001.
c.   fell about 30% from 1990 to 2001
d.   increased about 5% from 1990 to 2001.
e.   remained the same from 1990 to 2001

20. From 1990 to 2001, consumer prices in Russia

a.   fell by less than 5%.
b.   fell by more than 10%.
c.   increased less than 50%.
d.   increased more than 15-fold.
e.   stayed about the same.

21. Trade virtually collapsed among communist countries from 1989 to 1992 because of

a.   the disruption of trade within COMECON, the communist trading bloc
b.   the reduction of trade within the former Soviet Union
c.   None of the above is true.
d.   Both a/ and b/ are true

22. According to Svetlana, Vladimir Putin characterizes the period of his presidency as

a.   A period when communism comes to fruition.
b.   A return to Brezhnev's approach to communism.
c.   Economically supported state stability.
d.   Economic progress similar to the Yeltsin years.
e.   Two steps backward for one step forward.

Student I.D. _____
Name _____

Essay question (20 points) – you can write on both the front and the back of this sheet.

23.   If you had to choose, which of the three countries: the United States, Japan, or Germany, is the most appropriate model for newly industrializing countries of Asia, Africa, or Latin America. Discuss why.

Student I.D. _____

Name _____

Essay question (14 points) – you can write on both the front and the back of this sheet.

24.   Compare Marx's and Weber's explanations for the relationship between religious values, on the one hand, and economic structure and system, on the other.

Student I.D. _____

Economics 536
Comparative Economics
Monday, April 19, 2004
8:50-9:25

Fill out your answer card with a number 2 pencil with the best response among the options, indicating student ID number and answers for the 16 multiple-choice questions. Note that the 16 multiple-choice questions count 48 points and the two essays together count 52 points.

1. Which of the following option indicates the East and Central European countries with the fastest and slowest economic growth between 1989 and 2001?

a. Bulgaria, Czech Republic, Estonia, Poland, and Slovenia are the fastest and Hungary, Latvia, Lithuania, Romania, and Slovakia are the slowest.
b. Bulgaria, Estonia, Hungary, Slovakia, and Slovenia are the fastest and Czech Republic, Latvia, Lithuania, Poland, and Romania are the slowest.
c. Czech Republic, Hungary, Poland, Slovakia, and Slovenia are the fastest and Bulgaria, Estonia, Latvia, Lithuania, and Romania are the slowest.
d. Estonia, Hungary, Latvia, Poland, and Romania are the fastest and Bulgaria, Czech Republic, Lithuania, Romania, Slovakia, and Slovenia are the slowest.
e. Hungary, Latvia, Lithuania, Poland, and Romania are the fastest and Bulgaria, Czech Republic, Estonia, Slovakia, and Slovenia are the slowest.

2. Which one of the following describes the GDP per person at PPP of the four European Union accession states-- Czech Republic, Hungary, Poland, and Slovenia—compared to the the GDP per person at PPP of the European Union (EU) 15?

a. All four of the accession states' GDP per person at PPP are above the average EU-15 state.
b. All four of the accession states' GDP per person at PPP are below all the EU-15 states.
c. None of the four accession states has a GDP per person at PPP more than 80 percent of that of the average EU-15 state.
d. Slovenia and Czech Republic have a GDP per person at PPP more than that of the average EU-15 state, while Poland and Hungary have a GDP per person at PPP less than that of the average EU-15 state.
e. None of the above statements is correct.

3.   Which of the following describes the Polish economy just before 1989?

a.   Agriculture was collectivized and the private sector's share of GDP was about 35 percent.
b.   Agriculture was collectivized and there was no private sector.
c.   Agriculture was *not* collectivized and the private sector share of GDP was about 35 percent.
d.   Agriculture was *not* collectivized and the private sector's share of GDP was about 65 percent.
e.   Agriculture was *not* collectivized and there was no private sector.

4.   Compare Poland to Russia just after the fall of communism. Which of the following choices is correct?

a.   Poland converted its currency later, privatized faster, attracted net capital inflows sooner, and successfully levied income taxes sooner.
b.   Poland converted its currency sooner, privatized slower, attracted net capital inflows sooner, and successfully levied income taxes sooner.
c.   Poland converted its currency sooner, privatized faster, attracted net capital inflows later, and successfully levied income taxes sooner.
d.   Poland converted its currency sooner, privatized faster, attracted net capital inflows sooner, and successfully levied income taxes later.
e.   Poland converted its currency sooner, privatized faster, attracted net capital inflows sooner, and successfully levied income taxes sooner.

5.   Which one of the following countries does textbook author Schnitzer say was furthest on the road to a market economy just before 1989?

a.   Bulgaria.
b.   Czech Republic.
c.   Hungary.
d.   Poland.
e.   Russia.

6.   Did world real GDP per capita converge or diverge from 1980 to 2000?

a.   It converged if you focus on countries and it converged if you focus on individuals, that is, using population weights for countries.
b.   It converged if you focus on countries but it diverged if you focus on individuals, that is, using population weights for countries.
c.   It diverged if you focus on countries and it diverged if you focus on individuals, that is, using population weights for countries.
d.   It diverged if you focus on countries but it converged if you focus on individuals, that is, using population weights for countries.
e.   It neither converged or diverged for countries or individuals.

7.	What has happened to world regions' share of the world's middle class from 1960 to 2000, according to the graph by Bhalla distributed in class?

a.	Asia and the Middle East's share has decreased and the industrialized world's share has decreased.
b.	Asia and the Middle East's share has decreased and the industrialized world's share has increased.
c.	Asia and the Middle East's share has decreased and the industrialized world's share has stayed the same.

d.	Asia and the Middle East's share has increased and the industrialized world's share has decreased.
e.	Asia and the Middle East's share has increased and the industrialized world's share has increased.

8.	According to Schnitzer, which of the following indicates the world's literacy rate and the comparisons of literacy rates between men and women?

a.	About one-half of the world's population is literate, and men have a higher literacy rate than women.
b.	About one-third of the world's population is literate, and men have a higher literacy rate than women.
c.	About one-third of the world's population is literate, and women have a higher literacy rate than women.
d.	About two-thirds of the world's population is literate, and men have a higher literacy rate than women.
e.	About two-thirds of the world's population is literate, and women have a higher literacy rate than women.

9.	The Human Development Index (HDI) includes measures of which of the following variables?

a.	Daily calorie consumption, life expectancy, and literacy.
b.	Daily calorie consumption, life expectancy, and real income per capita.
c.	Daily calorie consumption, literacy, and real income per capita.
d.	Life expectancy, literacy, and real income per capita.
e.	None of the above is correct.

10.   The *dependencia* theory contends that Latin America, Africa, and South Asia have performed poorly economically because

a.   Developed countries are overly dependent on developing countries for minerals and raw materials.
b.   Developed countries form alliances with elites of developing countries to inhibit economic development.
c.   Developed countries form alliances with workers of developing countries to inhibit economic development.
d.   Developing countries form alliances among themselves to exploit developed countries.
e.   Workers of developing countries control the means of production there.

11.   Which of the following countries has the highest income inequality?

a.   Brazil.
b.   China.
c.   India.
d.   Pakistan.
e.   The United States.

12. China decided to reform its economy in 1977-80 for every reason except the following:

a.   China's consumption levels were falling further behind its Asian neighbors.
b.   Mao Zedong, a founder of China's communism, had died.
c.   The collapse of communism in the Soviet Union.
d.   The great waste and inefficiency during the Cultural Revolution.
e.   The incentives of wage differentials had been removed.

13. What happened to direct foreign investment (DFI) in China after 1985?

a.   DFI by Italy was greater than any other foreign country.
b.   DFI by Taiwan was prevented.
c.   DFI by the West fell substantially.
d.   DFI in China was behind India, South Africa, and Brazil.
e.   DFI in China was higher than any other developing economy.

14.   The fastest growth in manufacturing industry in China after 1979 occurred in

a.   the bank-owned sector.
b.   the peoples' communes.
c.   the private, town, and village enterprise sector.
d.   the state-owned enterprise sector.
e.   None of the above is correct.

15.   The majority of China's state-owned enterprises

a.   lose money but usually have access to bank credit.
b.   lose money but do not have access to bank credit.
c.   make money and usually have access to bank credit.
d.   make money but do not have access to bank credit.

16.   China's Cultural Revolution, 1966-1976,

a.   attacked persons in privileged positions
b.   emphasized moral incentives
c.   elected factory committees base on political correctness
d.   favored worker and peasant children for university positions.
e.   All of the above are correct.

Essay question (27 points) – you can write on both the front and the back of this sheet.

17. Compare China's and Poland's paths to economic liberalization and reform. Discuss.

Essay question (25 points) – you can write on both the front and the back of this sheet.

18. What lessons can developing countries learn from the experience of the transitional countries, that is, the countries that made the transition from communism to capitalism? Discuss.

Key 2nd one-hour exam. 1. C. Which of the following option indicates the East and Central European countries with the fastest and slowest economic growth between 1989 and 2001? c. Czech Republic, Hungary, Poland, Slovakia, and Slovenia are the fastest and Bulgaria, Estonia, Latvia, Lithuania, and Romania are the slowest. 2. C. Which one of the following describes the GDP per person at PPP of the four European Union accession states-- Czech Republic, Hungary, Poland, and Slovenia—compared to the GDP per person at PPP of the European Union (EU) 15? c. None of the four accession states has a GDP per person at PPP more than 80 percent of that of the average EU-15 state. 3. C. Which of the following describes the Polish economy just before 1989? c. Agriculture was *not* collectivized and the private sector's share of GDP was about 35 percent.
4. B or E. Compare Poland to Russia just after the fall of communism. Which of the following choices is correct? b. Poland converted its currency sooner, privatized slower, attracted net capital inflows sooner, and successfully levied income taxes sooner. or e. Poland converted its currency sooner, privatized faster, attracted net capital inflows sooner, and successfully levied income taxes sooner. 5. C. Which one of the following countries does textbook author Schnitzer say was furthest on the road to a market economy just before 1989? c. Hungary (p. 207). 6. D. Did real GDP per capita converge or diverge from 1980 to 2000? d. It diverged if you focus on countries but it converged if you focus on individuals, that is, using population weights for countries.
7. D. What has happened to world regions' share of the world's middle class from 1960 to 2000, according to the graph by Bhalla distributed in class? d. Asia and the Middle East's share has increased and the industrialized world's share has decreased. 8. D. According to Schnitzer, which of the following indicates the world's literacy rate and the comparisons of literacy rates between men and women? d. About two-thirds of the world's population is literate, and men have a higher literacy rate than women (p. 226). 9. D. The Human Development Index (HDI) includes measures of which of the following variables? d. Life expectancy, literacy, and real income per capita (p. 229). 10. B. The *dependencia* theory contends that Latin America, Africa, and South Asia have performed poorly economically because b. Developed countries form alliances with elites of developing countries to inhibit economic development (pp. 239-240). 11. A. Which of the following countries has the highest income inequality? a. Brazil (p. 241). 12. C. China decided to reform its economy in 1977-80 for every reason except the following: c. The collapse of communism in the Soviet Union. 13. E. What happened to direct foreign investment (DFI) in China after 1985? e. DFI in China was higher than any other developing economy. 14. C. 14.The fastest growth in manufacturing industry in China after 1979 occurred in c. the private, town, and village enterprise sector. 15. A. The majority of China's state-owned enterprises a. lose money but usually have access to bank credit. 16. China's Cultural Revolution, 1966-1976, e. all of the above (attacked persons in privileged positions, emphasized moral incentives, elected factory committees base on political correctness, and favored worker and peasant children for university positions) are correct.

Economics 536
Comparative Economics
Thursday, May 20, 2004
11:40-1:40
E. Wayne Nafziger
Cardwell 102
3rd (final) One-hour Exam

Fill out your answer card with a number 2 pencil with the best response among the options, indicating student ID number and answers for the 18 multiple-choice questions. Note that the 18 multiple-choice questions count 54 points and the two essays together count 46 points.

1.   Choose the response that correctly ranks India's annual rate of growth in income per capita in ascending order (from lowest to highest).

a.   1906-1945, 1950-1980, 1980-1990, 1990-2000.
b.   1950-1980, 1906-1945, 1990-2000, 1980-1990.
c.   1980-1990, 1950-1980, 1906-1945, 1990-2000.
d.   1990-2000, 1906-1945, 1950-1980, 1980-1990.
e.   1990-2000, 1980-1990, 1906-1945, 1950-1980.

2.   Which of the following are components of India's liberalization reforms since 1991?

a. delicensing, deregulation, income tax reductions, price decontrol, and privatization.
    b.   delicensing, deregulation, income tax reductions, price decontrol, and spending increases.
    c.   delicensing, deregulation, income tax reductions, privatization, and spending increases.
    d.   delicensing, deregulation, price decontrol, privatization, and spending increases.
    e.   delicensing, income tax reductions, price decontrol, privatization, and spending increases.

3. Which of the following indicates achievements that India's information and communications technology (ICT) industry has made recently.

a. an Indian software services magnate ranks in Forbes' top 100 in net worth; ICT represents more than 2 percent of India's GDP; ICT represents more than 10 percent of India's exports; India's global ICT share is more than 10 percent.
b. an Indian software services magnate ranks in Forbes' top 100 in net worth; ICT represents more than 2 percent of India's GDP; ICT represents more than 10 percent of India's exports; some Indian software firms have acquired US companies.
c. an Indian software services magnate ranks in Forbes' top 100 in net worth; ICT represents more than 2 percent of India's GDP; India's global ICT share is more than 10 percent; some Indian software firms have acquired US companies.
d. an Indian software services magnate ranks in Forbes' top 100 in net worth; ICT represents more than 10 percent of India's exports; and India's global ICT share is more than 10 percent; some Indian software firms have acquired US companies.
e. ICT represents more than 2 percent of India's GDP; ICT represents more than 10 percent of India's exports; and India's global ICT share is more than 10 percent; some Indian software firms have acquired US companies.

4. Which one of the following ranks correctly the four levels of economic integration from lowest level to the highest level, where the highest level is that where countries involved must give up the most economic and political control?

a. Customs union, economic union, free trade area, and common market.
b. Customs union, free trade area, common market, and economic union.
c. Common market, free trade area, customs union, and economic union.
d. Common market, customs union, free trade area, and economic union.
e. Free trade area, customs union, common market, and economic union.

5. Which of the following identifies correctly the regions' types of economic integration?

a. Argentina, Brazil, Paraguay, & Uruguay – common market; Europe 25 – free trade area; and North America – customs union.
b. Argentina, Brazil, Paraguay, & Uruguay – common market; Europe 25 – customs union; and North America – common market.
c. Argentina, Brazil, Paraguay, & Uruguay – customs union; Europe 25 – common market; and North America – free trade area.
d. Argentina, Brazil, Paraguay, & Uruguay – free trade area; Europe 25 – customs union; and North America – common market.
e. Argentina, Brazil, Paraguay, & Uruguay – free trade area; Europe 25 – free trade area; and North America – common market.

6. The reason for the Europe 12 adopting the euro 1999-2002 was to

a. Provide a more independent monetary policy.
b. Provide a supreme appeals court for European law.
c. Reduce environmental costs among members.
d. Reduce the problem of currency conversion.

e.   None of the above is correct.

7.   Argentina's 2001-2003 crisis consisted of

a.   a balance of payments deficit.
b.   high unemployment.
c.   peso devaluation.
d.   real income reductions.
e.   All of the above are true.

8.   The incidence of HIV infection

a.   is highest as a percentage of the population in Botswana, Swaziland, and Zimbabwe today and Botswana, Swaziland, and Zimbabwe are projected to have the highest percentage incidence of HIV infection in 2010.
b.   is highest as a percentage of the population in Botswana, Swaziland, and Zimbabwe today but China, India, and Russia are projected to have the highest percentage incidence of HIV infection in 2010.
c.   is highest as a percentage of the population in China, India, and Russia today and China, India, and Russia are projected to have the highest percentage incidence of HIV infection in 2010.
d.   is highest as a percentage of the population in China, India, and Russia today but Botswana, Swaziland, and Zimbabwe are projected to have the highest percentage incidence of HIV infection in 2010.
e.   is low as a percentage of the population in Botswana, Swaziland, Zimbabwe, China, India, and Russia today and Botswana, Swaziland, Zimbabwe, China, India, and Russia are projected to have a low percentage incidence of HIV infection in 2010.

9.   Which of the following have had major financial crises since 2000?

a.   Argentina.
b.   India.
c.   Mexico.
d.   South Africa..
e.   All of the above are correct.

10.   The region of the world with the highest incidence of malaria is

a.   east Asia.
b.   Latin America.
c.   northern America.
d.   sub-Saharan Africa.
e.   None of the above is correct.

11.   Which of the following two countries have the world's highest poverty rates?

a.   Argentina and Brazil.
b.   China and Malaysia.
c.   Ethiopia and Nigeria.
d.   Mexico and Panama.

e.   South Africa and Botswana.

12.   From the period, 1950-1980 to 1980-2000, what happened to India's *annual* real growth in NNP per capita and India's life expectancy?

a.   India's *annual* real growth in NNP per capita fell and India's life expectancy fell.
b.   India's *annual* real growth in NNP per capita fell and India's life expectancy rose.
c.   India's *annual* real growth in NNP per capita rose and India's life expectancy fell.
d.   India's *annual* real growth in NNP per capita rose and India's life expectancy rose.
e.   India's *annual* real growth in NNP per capita remained the same and India's life expectancy fell.

13.   During the period, 1955 to 1980, the Indian government tried to influence industrial output through
a.   collectivization.
b.   a licensing system.
c.   liberalization.
d.   worker-managed socialism.
e.   None of the above is true.

14.   India's system in 1970 of using quotas to award materials and inputs to firms at less than market prices resulted in

a.   a black market for materials and inputs.
b.   charges of arbitrary selection of firms receiving quotas
c.   discouraging the entry of new firms.
d.   subsidized firms awarded the materials or inputs.
e.   All of the above are true.

15.   Chiapas state, Mexico, has

a.   a lower adult literacy rate than the rest of Mexico.
b.   a lower real GDP per capita than the rest of Mexico.
c.   substantial grievances over income and land disparities between landowners and peasants.
d.   All of the above are true.
e.   Only both *a & b* are correct.

16.   Since the early 1960s, food production per capita

a.   has fallen in Asia and fallen in sub-Saharan Africa.
b.   has fallen in Asia and increased in sub-Saharan Africa.
c.   has increased in Asia and fallen in sub-Saharan Africa.
d.   has increased in Asia and increased in sub-Saharan Africa.
e.   has remained about the same in Asia and increased in sub-Saharan Africa.

17.   Annual inflation rates in Latin America during both decades of the 1980s and 1990s were

a.   0-5%.
b.   5-10%.
c.   10-20%.
d.   20-40%.
e.   more than 40%.

18. The World Bank and other international agencies working in Africa estimate that in southern Africa

a.   life expectancy without AIDS is generally 40-50 years, while life expectancy with AIDS (by 2010) is estimated to be about 30-40 years.
b.   life expectancy without AIDS is generally 50-60 years, while life expectancy with AIDS (by 2010) is estimated to be about 35-50 years.
c.   life expectancy without AIDS is generally 60-70 years, while life expectancy with AIDS (by 2010) is estimated to be about 35-50 years.
d.   life expectancy without AIDS is generally 60-70 years, while life expectancy with AIDS (by 2010) is estimated to be about 55-65 years.
e.   life expectancy without AIDS is generally 70-80 years, while life expectancy with AIDS (by 2010) is estimated to be about 60-70 years.

Student I.D. _____

Name _____

Essay question (24 points) – you can write on both the front and the back of this sheet.

19.   Assume that you are an economist that wants to inform an US Agency for International Development advisor about India's economy. Indicate in broad strokes India's economic progress since independence in 1947. Discuss.

Student I.D. _____
Name _____

Essay question (22 points) – you can write on both the front and the back of this sheet.

20. Should world economic leaders encourage the expansion of regional trade organizations (RTOs)? Discuss, including economic reasons in your answers.

<div align="center">
Key to Final Exam
May 20, 2004
</div>

1. A. Choose the response that correctly ranks India's annual rate of growth in income per capita in ascending order (from lowest to highest). a. 1906-1945, 1950-1980, 1980-1990, 1990-1998. 2. A. Which of the following are components of India's liberalization reforms since 1991? a. delicensing, deregulation, income tax reductions, price decontrol, and privatization. 3. B. Which of the following indicates achievements that India's information and communications technology (ICT) industry has made recently? b. an Indian software services magnate ranks in Forbes' top 100 in net worth; ICT represents more than 2 percent of India's GDP; ICT represents more than 10 percent of India's exports; some Indian software firms have acquired US companies. [From e-mail: Indian software firms raised capital in the US to acquire US companies. . . . India's ICT production grew, . . . comprising 3 percent of GDP and 18 percent of exports. In 2002, Forbes ranked India's software services magnate, Wipro's Azim Premji, 41st in the world in net worth . . . Still India's global ICT share in 2001 was just over 1 percent.] 4. E. 4. Which one of the following ranks correctly the four levels of economic integration from lowest level to the highest level, where the highest level is that where countries involved must give up the most economic and political control? e. Free trade area, customs union, common market, and economic union. 5. C. Which of the following identifies correctly the regions' types of economic integration? c. Argentina, Brazil, Paraguay, & Uruguay – customs union; Europe 25 – common market; and North America – free trade area. 6. D. The reason for the Europe 12 adopting the euro 1999-2002 was to d. Reduce the problem of currency conversion. 7. E. Argentina's 2001-2003 crisis consisted of e. All of the above (a balance of payments deficit, high unemployment, peso devaluation, and real income reductions) are true. 8. A. The incidence of HIV infection a. is highest as a percentage of the population in Botswana, Swaziland, and Zimbabwe today and Botswana, Swaziland, and Zimbabwe are projected to have the highest percentage incidence of HIV infection in 2010. 9. A. Which of the following have had major financial crises since 2000? a. Argentina. 10. D. The region of the world with the highest incidence of malaria is d. sub-Saharan Africa. 11. C.. Which of the following two countries have the world's highest poverty rates? c. Ethiopia and Nigeria. 12. D. From the period, 1950-1980 to 1980-2000, what happened to India's *annual* real growth in NNP per capita and India's life expectancy? d. India's *annual* real growth in NNP per capita rose and India's life expectancy rose. 13. B. Thirteen. During the period, 1955 to 1980, the Indian government tried to influence industrial output through b.a licensing system. 14. E. India's system in 1970 of using quotas to award materials and inputs to firms at less than market prices resulted in e. All of the above (a black market for materials and inputs, charges of arbitrary selection of firms receiving quotas, discouraging the entry of new firms, and subsidized firms awarded the materials or inputs) are true. 15. D. Chiapas state, Mexico, has d.All of the above (a lower adult literacy rate than the rest of Mexico, a lower real GDP per capita than the rest of Mexico, and substantial grievances over income and land disparities between landowners and peasants) are true. 16. C. Since the early 1960s, food production per capita c.has increased in Asia and fallen in sub-Saharan Africa. 17. E. Annual inflation rates in Latin America during both decades of the 1980s and 1990s were (e) more than 40%. 18. C. The World Bank and other international agencies working in Africa estimate that in southern Africa c. life expectancy without AIDS is generally 60-70 years, while life expectancy with AIDS (by 2010) is estimated to be about 35-50 years. 19.