

Your name _____

Economics 158

Comparative Economic Systems

1st In-Class Exam, 3/2/99

Directions: This exam consists of 13 questions. The short answers, including multiple choice and true/false questions and numbers to be filled in question 6, should go directly on these sheets. Part of question 6 is to be answered on a sheet of graph paper, provided separately. Answers to the other questions (#3, 4, 5, and 13) should be written in the lined booklets provided to you. Please place your answers in numerical order with clear numbers 1, 2, etc. to indicate which answer corresponds to which question. Read all instructions carefully. You have 50 minutes for the exam. Point values are indicated in parentheses, and add up to 100 points.

1. When we talk about a country's **economic system**, we are referring most directly to all of the following except (circle one):
 - a. its property rights
 - b. its economic coordination mechanism
 - c. its resource endowments
 - d. its incentive systems

2. The numbers below show the distribution of household wealth in the United States in 1983.

	Share of Household Wealth	Cumulative Wealth Share
Lowest quintile	0.2%	(at 20%) _____
2 nd quintile	2.6%	(at 40%) _____
middle quintile	5.7%	(at 60%) _____
4 th quintile	13.0%	(at 80%) _____
Top quintile	78.5%	(at 100%) _____

In the column on the right above, list the *cumulative* wealth shares that correspond to the wealth shares of each quintile. Then, on the sheet of graph paper, draw and label the axes for a Lorenz curve diagram and plot the Lorenz curve for the distribution of household wealth.

Which of the following looks like the best estimate of the Gini coefficient for the distribution of wealth that corresponds to this Lorenz curve and to the numbers above? (Circle one.)

- (a) 0.35 (b) 0.50 (c) 0.70 (d) 1.4

3. Compared to the distribution of household wealth shown in question 6, the distribution of household *income* in the United States in the 1980s was (choose the best of the answers offered):
- (a) more equal than that of household wealth
 - (b) very similar to that of household wealth
 - (c) slightly less equal than that of household wealth
 - (d) much less equal than that of household wealth

True or False. (Circle T or F.)

4. Compared to France and Germany, government-owned enterprises are less significant in the U.S. and Sweden.

T

F

12. Joseph Schumpeter argued (in the assigned reading) that capitalism should not be credited with the economic growth that has occurred in modern times. That growth is basically attributable to science and technological progress, which are independent of what economic system happens to be in place.

T

F

13. Essay

Write an essay in which you identify and contrast the most distinctive institutional or economic system features of [name of country or countries].