

REVIEW QUESTIONS FINAL EXAM 161.

1. List what are the main tasks and constraints of transition and explain briefly each of them?
2. Why are complementarities important in the transition process? Give an example of complementarities in transition?
3. What are the main types of transition strategies and which country represents well each of these strategies?
4. Which countries started transition first and which started later? Is there a difference in the transition process of late-starters?
5. Give examples of the role of political constraints in transition strategies?
6. What are ex ante and ex post political constraints? Why do both matter?
7. What is the status quo bias and how can it arise?
8. Through what broad methods can political constraints be relaxed?
9. What are the difficulties for compensating losers from reform?
10. What are the costs and benefits of partial reform?
11. Give an example of how the commitment problem in compensating losers can be overcome?
12. What is the main justification for the big bang strategy in terms of political constraints and what is the main justification for the gradualist strategy?
13. Give examples of reform that were designed to overcome ex post political constraints?
14. The extent of rent-seeking is different across transition countries. Discuss.
15. To what extent has the transition experience shown the relevance of aggregate uncertainty?
16. How can EU accession explain differences across transition countries in economic performance?
17. What have we learned from the transition experience about the sequencing of reforms and their political economy effects?
18. Which social categories win and lose from transition?
19. A higher speed of reforms is more costly in fiscal terms. Discuss.
20. What correlation has one observed between political institutions and the reform process?
21. What are the efficiency and redistributive effects of price liberalization?
22. What are the properties of dual track price liberalization? Where did it happen? Why wasn't it implemented in Central and Eastern Europe?
23. Why was the output fall a puzzle for economists?
24. Can the output fall be explained by underreporting of output in the private sector or overreporting under socialism?
25. Can the output fall be explained by excessive stabilization policies?
26. Can the output fall be explained by a credit crunch?
27. Can the output fall be explained by labor market frictions?
28. Can the output fall be explained by excessive speed of closure in contracting sectors?
29. What is Wei's explanation for the output fall?
30. What is Blanchard and Kremer's explanation for the output fall?
31. What is Roland and Verdier's explanation for the output fall?

32. Russian and Poland did not have such a big difference in transition strategy but a big difference in output trajectory. Discuss.
33. What important institutional differences has one observed between Central European countries and former Soviet Union countries?
34. What effect does weak law enforcement have on private contracting?
35. What effects does weak enforcement have on macroeconomic activity and the development of markets?
36. What explanations can one think of for the difference in institutional quality in Central Europe vs the Former Soviet Union?
37. Which countries opted mostly for mass privatization?
38. How does East German privatization differ from privatization in Poland?
39. What are the two most important objectives of privatization? Which one has proved more important in practice?
40. Privatization has not yielded many revenues even in countries where assets are sold. Why?
41. How can one deal with the stock-flow constraint in privatization?
42. Demonopolization is harder to achieve after privatization. Discuss.
43. What does one mean by defensive and strategic restructuring?
44. Some managers of State-Owned enterprises have been engaged in defensive restructuring and others have not? How can one explain this difference in behavior?
45. Which objectives does mass privatization achieve and which does it fail to achieve? Explain.
46. Why is fast giveaway to dispersed outsiders not very different from fast giveaway to insiders?
47. Which problems would the East German top-down sale method of privatization have encountered in other transition countries if it had been implemented?
48. Which objectives does gradual privatization achieve and which does it fail to achieve? Explain.
49. What are the transition countries that will access the European Union in 2004?
50. How have the exchange rate regimes evolved in accession countries since the beginning of transition?
51. Explain how capital inflows in successful emerging market economies can lead to a currency crisis.
52. What is the danger of fixed pegs under capital account liberalization? How does this relate to vulnerability?
53. What is the Balassa-Samuelson effect? Why would it apply to accession countries?
54. Is there prima facie evidence for the Balassa-Samuelson effect in accession economies?
55. What challenge does the Balassa-Samuelson effect create for accession countries who want to enter EMU?
56. What are the basic options for accession countries in preparation for EMU?
57. How has transition changed the mainstream view of economic systems?
58. Explain the difference between the Washington consensus and the evolutionary-institutionalist perspective on the political economy of reform and reform strategies?
59. Explain the difference between the Washington consensus and the evolutionary-institutionalist perspective on allocative changes ?

60. Explain the difference between the Washington consensus and the evolutionary-institutionalist perspective on governance changes ?