

1. Was the socialist economic system ever perceived as a threat to capitalism? If yes, explain what circumstances led to this perception.
2. What was Schumpeter's view about the future of capitalism and socialism?
3. How did economic growth evolve in the USSR in comparison to the USA? Give the general picture without necessarily citing exact figures.
4. What were the main Marxists arguments for central planning? Which facts tended to support those views?
5. How has the vision of central planning evolved among mainstream economists?
6. Who were the main protagonists in the 20<sup>th</sup> century economists debate on central planning? What was the originality of Hayek's position? Who proved right in hindsight?
7. What is the "Micawber" effect?
8. Explain how the plan bonus incentive could lead to bad quality of products?
9. What is the *val*? What effect did it have on firm behavior?
10. In 1965, profit indicators were introduced in the Soviet system. Explain what this really meant and what effect that reform had.
11. What is the ratchet effect in the Soviet context?
12. What conditions must be met in order for the ratchet effect to occur?
13. Explain the Counterplanning system.
14. Why did counterplanning work in IBM and not in the USSR?
15. What is the soft budget constraint? What did it mean in the context of central planning? Why is this phenomenon more general than under socialism?
16. Why did one observe more excess demands (shortages) than excess supply under socialism?
17. What is Kornai's explanation for the widespread shortages in the socialist economy? Are there other explanations?
18. What is "forced substitution"?
19. What is the difference between the black and the grey market?
20. Why did ministries often change enterprise plans during the year?
21. What is the cause and effect of hoarding behavior? Give 3 examples of hoarding demand from your life as students at Berkeley.
22. Hoarding is the explanation for why enterprises had a high input inventory ratio. Is this true? Comment.
23. Why was there a tendency toward vertical integration in the socialist economy and what were the inefficiencies associated to it?
24. Were socialist managers interested in innovation? Explain.
25. Why was there low labor discipline under socialism?
26. Was there high unemployment under socialism? Explain.
27. Under Gorbachev, shops were empty and people's refrigerators were full. Why?
28. What is the effect of decentralization of wage-setting in the socialist economy? In which countries was such a decentralization achieved?
29. Shortage creates the need for central planning. Explain.
30. Why was the socialist economy able to function despite unbalanced plans and absence of market coordination?
31. What is the effect of lower quality on economic equilibrium in the socialist economy?

32. Give some of the main systemic properties of the socialist system?
33. Why did the socialist system become more and more inefficient over time?
34. What was the sovnarkhoz system?