Answer each of the three questions in a different exam book. Questions will be equally weighted so spend 30 minutes on each question.

1. Suppose Castro has died and a new leader of Cuba asks your advice as to what he should do to move Cuba to a market economy. He wants you to base your advice on the successful and unsuccessful experiences of China and Russia in moving command to market economies. He does not want to repeat their mistakes and wants to learn from their successes. He wants to make the transition better and faster than either of them.

2. In the HIMG paper on growth divergences among the United States, Europe, and Japan, the authors give advice to Japan (page 84 paragraph 2) and Europe (page 87 paragraph 3) on how they might change to grow faster. Evaluate that advice. At then end of the American section (page 81 paragraph 2), the authors are pessimistic about whether the US can maintain its current rate of growth. Write the paragraph they should have written as to what the US should do to increase the probability that its current growth rate will be maintained in the next decade.

3. In the European community there is a debate about the relative merits of widening (adding new countries) and deepening (further integration). Which of these two activities do you think would accelerate Europe’s growth rate the most. Explain why you think your choice is the best choice. It is of course possible to do both at the same time but let us assume for this exercise that you have to choose to do one or the other but cannot do both.