

Do not write your name on the assignment. Write your name only on the back of this sheet of paper and staple your answers on the front of this sheet of paper. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to follow these directions will cost you 1 point on the assignment and failure to type it will cost you 10 points.

- 1) (20 points) What do you consider to be the main cause of the rise of the USA as the dominant power during the 20<sup>th</sup> century?
- 2) (20 points) On page 26, the book praises the virtues of competition. However, there are some bad aspects. What is one of them? Explain why that is a problem.
- 3) (20 points) What is wrong with too large of a Gini Coefficient? What is wrong with too small of a Gini Coefficient? Use economic arguments, not moral arguments.
- 4) (20 points) For capitalism to work to its fullest extent, do you think it is necessary for the country to be a democracy? Explain your logic.
- 5) (20 points) Why is *private property* an important aspect of capitalism?