

Place your name on the back of this sheet of paper and nowhere else. Staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 1 point. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

- 1) (25 points) Why is privatization of a large firm so hard to do? Give at least two reasons in detail.
- 2) (20 points) How did Russia privatize the small collective farms? Why does that method make sense?
- 3) (15 points) Do you think that Russia was correct in choosing the *shock therapy* method of reform rather than the gradualism form? Explain your logic.
- 4) (10 points) Why did/does the Russian government have problems collecting tax revenue?
- 5) (30 points) What aspect of the Russian Economy, other than those discussed above, do you think was handled poorly and/or is in bad shape? Explain your logic. What would you do about that problem? Explain how your proposal would help the situation.