

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up 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) When privatizing a large firm like a steel factory, some times a country might auction off the company allowing foreign firms to buy the company. What is one of the benefits of letting foreigners to bid for the firm? What is one of the disadvantages of allowing foreigners to bid? Do you think foreigners should be allowed? Explain your logic.
- 2) (15 points) There are several problems with trying to sell a government run firm. What do you feel is the biggest problem? Why do you feel that?
- 3) (10 points) I believe that all of the countries in the former Soviet Union (USSR) had a problem with hyperinflation (extremely high inflation) in the 1990s. (The Soviet Union started to fall apart in 1991.) What problem with transitioning from a communist country to a capitalist country could explain the hyperinflation? Explain your logic.
- 4) (15 points) There were many causes of the fall of the USSR. They range from President Reagan to Osama bin Laden. However, even though those played a roll, economists cite a different problem. What is that cause economists cite? Explain how that led to the downfall.
- 5) (20 points) Marx would have had a lot of complaints about the USSR. What would be two problems he had with it? Explain why he would have disliked it.
- 6) (15 points) What do you see as Russia's greatest strength now? Explain why you chose that.