

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) (10 points) What is meant by *liberalizing wages and prices*? Why is that important to do?
- 2) (25 points) One of the methods used to privatize a public corporation is to give it to the workers. What are one advantage and one disadvantage of that? What type of company would recommend be privatized in this manner? Explain your logic.
- 3) (20 points) One way to privatize a public corporation is to auction it off. There are many reasons why this is easier said than done. What are two problems with getting a good price from the auction? Explain why those are problems.
- 4) (10 points) The Soviet Union had the *nomenklatura*. What was that? Why was it created?
- 5) (20 points) I think that Marx would have disliked Stalin. What are two things that Stalin did that Marx would probably not have approved of? Explain why Marx would not have liked them.
- 6) (15 points) Do you think that Gorbachev should have had the Soviet Union do a quick or slow transition to capitalism? Explain your logic mentioning two reasons.