

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 10 points. 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) Two of the outcomes which we want are *economic growth* and *income distribution*. Explain what those goals are and why they are often contradictory goals.
- 2) (10 points) One of the outcomes we want is *stability*. Do you feel communism or capitalism is better at that? Explain your logic.
- 3) (15 points) Explain why economic freedom plays an important role in economic growth. Make sure you define economic freedom.
- 4) (15 points) The book says that in the past decade, technology has played a major role in the changing of the economy. Explain how this has changed the economy. Mention two ways it has.
- 5) (20 points) The book discusses how increased trade has affected the economy. Has this had predominately good or bad effects on the world economy? Explain your logic.
- 6) (15 points) On Page 110, it shows that for most countries, electricity, gas, and water are supplied by government-owned companies. Why do you think this has occurred?