

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) (20 points) Is theoretical communism good or weak on the outcome of efficiency? Explain your logic.
- 2) (20 points) Is theoretical communism good or weak on the outcome of environmental viability? Explain your logic.
- 3) (20 points) Is theoretical communism good or weak on the outcome of long-run viability? Explain your logic.
- 4) (25 points) When transitioning from a communist country to a capitalist country, the leaders have to decide whether to go fast (cold turkey) or slow (gradual). What is the advantage of going quickly? What is the advantage of going slow? Name one aspect of the country's economy or history you would look at if you had to make the decision. Explain why that aspect is important and how you would use it. For example, if you chose the unemployment rate, then you might say something like, "With a high unemployment rate, we need quick change so we can get the people employed, but with a low unemployment rate, we can take our time because there is no urgency to changing our system." (I chose the unemployment rate because that is obviously one aspect of the economy which you do not look at because it is 0% in communism by definition.)
- 5) (15 points) Why do transitioning economies collapse at the start of the transition? Explain your logic.