

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) Explain *dialectic materialism* and how it would result in the downfall of capitalism. Capitalism has not fallen. Explain what he did not count on which saved capitalism. Explain how it save capitalism.
- 2) (25 points) Explain how Marx used the *labor theory of value* to set prices for goods. What is the big problem with that method of determining the price? Explain your logic. How did Marx modify his proposal? What is the big problem with his modification? Explain your logic.
- 3) (20 points) Explain why it is difficult to determine which products should have more made and which should have less made? Since communist countries cannot use prices as a signal to determine what should be produced, how can they tell what more should be produced? Explain how that works.
- 4) (25 points) In a communist government, what decisions are made in the 1 year, 5 year, and 10 year plans. Explain why those decisions are in the respective plans.
- 5) (10 points) In theory, should communism be good or bad at the outcome of environmental viability? Explain your logic. Note, theory and reality are sometimes the same, but sometimes they are different.