

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) (30 points) Explain the labor theory of value. What are two problems with using the theory to actually set prices?
  
- 2) (10 points each) For each of the following, do you think theoretical communism is good or bad at achieving that outcome. Explain your logic.
  - A) Efficiency
  - B) Income distribution
  - C) Environmental viability
  
- 3) (20 points) What is the advantage and what is the disadvantage of a quick transition from communism to capitalism?
  
- 4) (20 points) Will open economies or closed economies have an easier time transitioning to a capitalistic economy from a communist economy? Explain your logic.