

Do NOT write your name anywhere. (Canvas will tell me who turned in the assignment.) All answers must be typed, except for mathematics and graphs. Take pictures of your written answers and use your own software or <https://pdfcandy.com/> to create a single PDF size A4. (pdfcandy.com will convert many file types to PDF, resize PDF, merge PDF and many other things for free. However, Apple phones may require using [CamScanner](#) before using pdfcandy.com.) Failure to follow these directions will cost you 10 points.

1) (15 points) The Republican Party tends to believe in a small government. Is that more in line with what Hobbes, Locke, or Smith argued? Explain your logic.

2) (15 points each) Answer each part in a separate paragraph. For each of the following, explain what the term means and why it means the pure capitalism cannot work. In other words, why it will require government intervention in the market.

A) macroeconomic stability.

B) monopoly power.

3) (25 points) What are public goods? Explain why they require government intervention. Why isn't police protection a public good? Explain your logic.

4) (15 points each) Answer each part in a separate paragraph. For each of the following, determine if theoretical capitalism is good or bad at that outcome. Explain your logic.

A) income distribution.

B) environmental sustainability.