

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) Why might there be fears the reforms might be reversed? How might that impact the transition? Explain your logic.

2) (20 points) One of the new laws which must be created is bankruptcy laws. Why are they important to the economy? Explain your logic.

3) (25 points) Privatization will sometimes involve auctions. What is the big advantage of allowing foreigners to bid? What is the big disadvantage of allowing foreigners to bid? Do you think that in general, allowing foreigners to bid is a good or bad thing? Explain your logic.

4) (15 points) The Czech Republic privatized some businesses by giving it back to the original owners, or their heirs. The logic of doing that is simple. However, the disadvantages of doing that are not. What is the big problem with doing that? Explain your answer.

5) (10 points) Why is it hard to determine a good selling price for a company when it is privatized?

6) (15 points) What is meant by "liberalizing prices and wages"? Why is it important to do?