

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) Given the article below, why might it be hard to privatize PIA? Explain why that would make privatization hard. Should they allow a foreign airline to take over PIA? Explain your logic. <https://arynews.tv/pm-kakar-directs-to-complete-pia-privatization-on-fast-track/>
- 2) (15 points) The Soviet Union often privatized small companies and small farms, by giving them to the workers. Do you think that was a smart way to do that? Explain your logic.
- 3) (15 points) What is the problem with trying to determine the correct price for a company which is being privatized? Explain your logic.
- 4) (15 points) If you were ruling a communist country and you were transitioning it to capitalism, would you liberalize wages and prices before or after you start privatizing companies? Explain your logic.
- 5) (15 points) When transitioning from communism to capitalism, the economy generally collapses initially. If capitalism is so much better than communism, then why does that occur? Explain your logic.
- 6) (20 points) Do you think Marx would have approved of Stalin's rule of the Soviet union? Explain your logic, mentioning two reasons for your view.