

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 to create a single PDF size A4 or 8.5" x 11". At the top of my [webpage](#), I list several online sources which will convert pictures to pdfs, merge pdfs, and resize them. However, Apple phones may require using [CamScanner](#) before using the online sources. Failure to follow these directions will cost you 10 points.

- 1) (25 points) Draw the supply and demand diagram. Use it to prove that equilibrium is efficient.
- 2) (15 points) One of the problems with theoretical capitalism is *monopoly power*. What is that? Why is that a problem for capitalism?
- 3) (15 points) One of the problems with theoretical capitalism is *negative externalities*. What are they? Why are they a problem for capitalism?
- 4) (25 points) Describe both Hobbes' role of government in capitalism and Smith's role of government in capitalism. Which do you feel is a stronger argument? Explain your logic.
- 5) (10 points) Is theoretical capitalism good at the outcome of *environmental sustainability*? Explain your logic.
- 6) (10 points) Is theoretical capitalism good at the outcome of *income distribution*? Explain your logic.
- 7) (0 points) If have the following three songs on the same album, "Chipped Beef", "Purgatory Sandwich With Mustard", and "Cheeseburger Maker Dü". One of them is definitely not about food. One of them definitely is about food. I have no idea what the other one is about. Which song is which? Note the date this assignment is due.