

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) Marx predicted the capitalism would fall. Explain his theory. Where did it go wrong? Explain your logic on its failure.

2) (20 points) What were the *nomenklatura*? Explain the reason why the USSR and its satellites had them. (I am looking for an economic reason, not “because the ruling class wanted to make themselves better off.”)

3) (30 points) What was Marx’s *labor theory of value*? Explain two problems with implementing the theory. Marx came up with a modification of it to reduce one problem. What was that solution? Explain why that solution is not feasible.

4) (15 points) The government in communism (and successful corporations in capitalism to a lesser extent) have 1-year, 5-year, and 10-year plans. What types of things are in 10-year plans? Explain why they are there.

5) (15 points) Do you think theoretical communism would do well at efficiency? Explain your logic.