

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 1 point. 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) (15 points) Why are anti-trust laws important for a capitalist system to work well?
- 2) (15 points) What is meant by *negative externalities*? Why do they require government intervention in the market?
- 3) (15 points) What is the economic argument for why the government should be involved in healthcare? In other words, why shouldn't the government have a *laissez faire* approach to healthcare?
- 4) (25 points) What aspect or part of the economy of the USA do you feel is farthest from theoretical capitalism? Explain both the way that aspect or part of the economy works in the USA and how it should work in theory.
- 5) (15 points) What is the greatest strength of the economy of the USA? Explain both how that aspect of the economy behaves and why that is a strength.
- 6) (15 points) Prior to the Clinton Administration, there existed a law called the Glass-Steagall Act. It separated banks from all other firms, especially investment banks. Was that a good law? Explain your logic.