

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) (15 points) The graph in the article below shows the world Gini Coefficient for the world since 1820. What part of the graph agrees with Marx's predictions? State how you reached that conclusion. What do you think caused the result for the rest of the graph, i.e, the part which contradicts what Marx wrote? Explain your logic.

<https://www.axios.com/2023/06/14/global-economic-inequality>

2) (15 points) In capitalism, price changes tell us what we should produce more and less of. That cannot happen in communism. So, how did communist countries determine what they should produce more of and what to produce less of? Explain how that worked.

3A) (15 points) Explain how Marx said the price (value) of a product should be determined. What incentives does that cause which could cause economic problems? Explain your logic.

3B) (20 points) Marx felt that just because a person spent a lot of time on something, did not mean it should be valuable. For example, I think he would not have liked Jackson Pollock's paintings and would not have approved of one selling for \$140 million. How did he modify his theory to take that into consideration? Explain how that would determine the price of a product. What is the major problem with that modification? Explain your logic.

4) (15 points) What do you see as the greatest problem with running a communist country? Explain why that is a big problem.

5) (20 points) In theoretical communism, all get paid the same amount. What is the problem with that? The USSR reduced that problem by creating the *nomenklatura*. What was that? How did it reduce the problem?