

Do not write your name on the assignment. Write your name only on the back of this sheet of paper and staple your answers on the front of this sheet of paper. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to follow these directions will cost you 1 point on the assignment and failure to type it will cost you 10 points.

Because I have an appointment in Pittsburgh next Tuesday morning, this class will not meet. To make up the class, I will hand back the exam with an answer key when you turn in your assignment. You are to give it to me on Tuesday or slide it under my office door before 3:30.

- 1) (20 points) Socialism is designed to fix problems with capitalism. What is the big problem with capitalism which socialism addressed. How does it reduce the problem?
- 2) (15 points) We already proved that pure capitalism cannot work. Why can't pure communism work? Explain your logic.
- 3) (20 points) Explain Marx's labor theory of value. What is the problem with this theory?
- 4) (15 points) Marx concluded that there would be worsening cycles of crises and depressions. Why have these not occurred?
- 5) (15 points) Do you think Marx's *reserve army of unemployed* is a valid explanation of what keeps wages down? Explain your logic.
- 6) (15 points) Why did the utopian societies typically work well for generation or two and then stop working?