

Place your name on the back of this sheet of paper and nowhere else. Staple your answers 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) (20 points) Explain how the price of a good would be determined in an economy like the one Marx envisioned. What is the economic problem with that method? Explain your logic.
- 2) (15 points) Marx used the Theory of Surplus Value to explain why it was in the best interest to drive down wages. Explain his logic.
- 3) (25 points) Marx predicted that there would be ever worsening depressions. Explain his logic and why we do not see that happening in the real world.
- 4) (15 points) Why would most utopian societies, and Marx himself, propose that there is no private ownership of production capabilities? In other words, government ownership of resources should address one major problem with capitalism. What is that problem and how does government ownership reduce that problem in theory? (In reality, the communist countries of the 20th Century were actually worse than the capitalist countries.)
- 5) (25 points) What is meant by *dialectic materialism*? To some extent he is correct. Give an example from history which this theory gives a good explanation of.