

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.

1) (10 points each) Enter each of these events on the double-entry bookkeeping for the USA. BRIEFLY explain each answer.

- A) The USA imports \$15,000 worth of oil from Egypt.
- B) Bangladeshi citizens buy \$10,000 worth of stock in American companies.
- C) Dell computer pays people in India \$20,000 to answer customers' questions about problems with their computers.
- D) Sri Lanka donates \$25,000 to hurricane victims. (It actually did this.) To make it easier, assume it is donated as \$25,000 worth of drinking water.

2) (10 points each) Calculate the following accounts using your answers to all four parts of Question #1 combined. Briefly explain how you reached those conclusions.

- A) What is the balance in the merchandise account?
- B) What is the balance in the current account?
- C) What is the balance on the capital account?

3) (15 points) Why should the current account and capital account balances total to 0?

4) (15 points) If we added up all current account balances of every country, what should the total be? Why should that be the balance?