

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) Which part of my web page, <http://www.bethanywv.edu/wcsaplar/> do you think will be most helpful? Why? Is anything missing that you would like to see?

2) (10 points) Which part of the Department of Economics and Business's web page, <http://www.bethanywv.edu/economics/> do you think will be most helpful? Why? Is anything missing that you would like to see?

3) (20 points) In addition to the problems with GDP which we mentioned in *Principles of Macroeconomics*, there are some specific problems which relate to comparing real GDP per capita across countries, especially developing countries. Give two examples of problems with using real GDP per capita, or the growth of it, to measure how well off countries are. Use problems which are significant to developing countries.

4) (15 points) What is the economic reason that increased savings is necessary for increased capital stock?

5) (30 points) The growth models conclude that for the economy to grow faster, we need more savings and slower depreciation of capital. Why might these two goals be hard to achieve in a developing country?

6) (15 points) Economists in developing countries often complain the modern macroeconomic theory, especially the neo-classical model, do not apply to their economies. The growth models in this chapter are neo-classical models. Why might these theories apply to developed countries but not to developing countries?