

Do not put your name anywhere on the assignment, other than on the back of this sheet of paper. 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 do double-sided printing or print on the back of scrap paper, I will give you one additional point.

1) (20 points) Suppose that if you do not go to school, you could earn \$10,000/year. If you graduate, you could earn \$14,000/year. The school costs \$5,000/year for four years. If you expect to live another 40 years, and you want at least a 10% return, then set up the equation which will determine if going to school is a good financial decision. Explain how you got the equation and how you would use it to determine if the education is worth it.

2) (15 points) What is the economic reason that governments should subsidize educations?

3) (10 points) Which type of education adds the most to the productivity of the worker? Explain your reasoning.

4A) (15 points) What do you consider to be the greatest hindrance to educating more people, especially in Sub-Saharan Africa? Why do you feel that is the biggest problem?

4B) (25 points) If you were in charge of one of those countries, what would you do to overcome this problem? How would you fund this and why would your proposal reduce the problem?

5) (15 points) Many countries have laws which require every student to be educated up to a certain age. Often these are ignored. What are some reasons why they are ignored?