

Write your name on the cover of the test booklet and nowhere else. Enclose this sheet with the booklet. Failure to follow these directions will cost you 1 point. The test has 150 points (to be scaled up to 180 points) and is scheduled to take 75 minutes. Therefore, expect to spend 1 minute for every 2 points. For example, a 14-point question should take 7 minutes. I can give extra time but not much.

1) (15 points) Answer EITHER Part A OR Part B.

A) Governments in developing countries often have little tax revenue. Explain why this is the case.

B) Some organizations are starting to provide services of verifying the products are “fair trade.” This means the workers are paid a decent wage rather than a subsistence wage. (It is starting to become common in chocolate.) What would the economic impact of these labels be? Explain your logic. (If this sounds like a difficult question, you are thinking too hard.)

2) (15 points) Answer EITHER Part A OR Part B.

A) Sri Lanka has a President who has ordered the genocide of Tamils. What can the international community do about it?

B) Sri Lanka has almost no freedom of the press. Why is that an economic problem?

3) (20 points) Answer EITHER Part A OR Part B.

A) Do you think India or Brazil will have a better economy in a decade? Explain your logic mentioning TWO differences.

B) Do you think India or Mexico currently has a better economy? Explain your logic mentioning TWO differences.

4) (20 points) Answer EITHER Part A OR Part B.

A) Why do many of the poorest countries have a major problem with illiteracy? Why is that a hard problem to fight?

B) Why do many people in poor countries have a large number of children? Why is that a problem?

5) (20 points) Answer EITHER Part A OR Part B.

A) Many developing countries have the problem of having few exports. Why is this a problem? What can be done about it? How would your proposal help the situation?

B) Explain how political instability can cause economic instability **and** vice versa.

6) (20 points) Answer EITHER Part A OR Part B.

A) Brazil has a problem of high income inequality. What can Brazil do about that? How will that help the situation?

B) What do you think is the biggest problem facing the Brazilian economy? Explain how that hurts their economy.

7) (20 points) Answer EITHER Part A OR Part B.

A) What is the problem with the Dalit in India? What can India do about that? How will that help the situation?

B) What is the biggest economic problem facing India? Explain why that hurts their economy.

8) (20 points) Answer EITHER Part A OR Part B.

A) Mexico has a big problem with drug cartels. What can Mexico do about that? How will that help the situation?

B) What is the greatest strength in the Mexican economy? Explain how that will help them in the future.

Remember, fill out teaching evaluations sometime today through next Friday.