Wilf Csaplar Jr.   Economics 260   Homework #5   **Due Friday 10/13**

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 10 points. 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) (15 points) Suppose you were thinking about going to graduate school. If you get a job now, you will earn $40,000 for the rest of your life. Graduate school costs $20,000 per year for two years, but you will earn $50,000 a year for the rest of your life. Assume that you will retire at age 67 regardless of what you do. Set up the calculations which would allow you to figure out the rate of return you are getting. State how you know what goes in what spot. Do not worry about doing the calculation.

2) (15 points) Question #1 calculated the private return. Why might the return to society be larger than that? Why might it be smaller than that? Explain your logic.

3) (5 points) How can gross enrollment numbers be above 100%?

4) (15 points) What do you think is the number one reason why many students in developing countries do not attend school even though the return is quite high? What can the government do about that? Explain how the policy is funded and how it would reduce the problem.

5) (10 points) Which level of education provides the greatest return? Explain why that is the case.

6) (10 points) What is the difference between HALE and life expectancy?

7) (15 points) Explain how poor health outcomes in a country can lead to low GDP per capita and how low GDP per capita can lead to poor health outcomes.

8) (15 points) If you ruled an African country with a large HIV/AIDS problem, how would you reduce the problem? Explain how the policy is funded and how it would reduce the problem.