

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up 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) (10 points) Read the first paragraph of the article linked below. Noting that how wealthy a country is, depends upon the average and marginal products of labor, explain what was happening in Indonesia in the first paragraph. (The same is said more clearly about the Phillipines later in the article. However, that is hard to find unless you have your web browser search for “marginal”.)

<https://www.heritage.org/asia/report/beating-the-middle-income-trap-southeast-asia>

2) (60 points) Copy this table onto your answer sheet and fill it in. Make sure you show all calculations. If there is no calculation, explain how you got the answer.

L	q	APL	MPL
0			
1	30		
2	70		
3	120		
4		40	
	190	38	
	230		20

3) (15 points) In the table above, the MPL first increases then decreases. Explain why that occurs.

4) (15 points) What is the relationship between MPL and APL in the table above? For example, it could be (but isn't) something like, “If MPL increases, then APL will increase.” Explain the mathematical reason for that relationship.