

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 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 use double-sided printing or print on the back of scrap paper, I will give you one additional point.

1) (5 points) Which part of my web page, <http://mysite.bethanywv.edu/wcsaplar/> do you think will be most helpful? Why? Is anything missing that you would like to see? What is the URL for the first exam from this class during the last semester it was taught?

2) (5 points) Which part of the Department of Economics and Business's web page, <http://www2.bethanywv.edu/~econ/> do you think will be most helpful? Why? Is anything missing that you would like to see?

3) (20 points) The stages of development are usually determined by using real GNI (GNP) per capita measured by PPP. What are some weaknesses of this method? Explain at least two.

4) (10 points each) For each of these events, determine if, for the USA, it is part of GNI (GNP), GDP, both GNI (GNP) and GDP, or neither. Explain your logic.

- A) I hire you to rake my leaves.
- B) A friend of mine in Virginia grows all the food he eats.
- C) You buy a Honda built in Ohio.
- D) An American buys some opium made in Afghanistan.
- E) You buy shares of Ford stock.

5) (10 points) Suppose a country has a life expectancy at birth of 70, an adult literacy rate of 81%, a gross enrollment rate of 75%, and a GDP per capita of \$10,000. What is their HDI? Show all work.

6) (10 points) Why do we use PPP rather than the exchange rate to compare incomes from different currencies?