

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) (20 points) Explain why economists prefer to use the HDI as a measure of how well off a country is rather than real GDP per capita. Make sure you mention what is included and why that is important.
- 2) (10 points) Why might the HDI be a weak indicator of how happy the people of a country are?
- 3) (25 points each) For each of the following, explain why it causes problems for a country trying to develop. What can the government do about it? Explain how the government's actions will reduce the problem.
 - A) Poor infrastructure
 - B) Limited range of exports
- 4) (20 points) What should the world community do about the situation in Sri Lanka? Explain why that will have a positive effect upon the situation.