

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.

If you are a Senior taking *comps*, then your paper is due on 4/19. You will not take the third exam nor will you hand in Assignment #10.

- 1) (15 points) What do you see as Sri Lanka's greatest economic problem? Explain how that is an economic problem.
- 2) (20 points) Why is a limited range of exports a problem for a developing country? What can the government do about that? Explain how that action would reduce the problem.
- 3) (25 points) Explain why a large foreign debt is a problem for a developing country. Bono (of U2) wants the developed countries to reduce the debt of developing countries. There are obvious advantages of his proposal; however, there are some problems with it. Explain two problems with his proposal.
- 4) (20 points) What is the *dependencia theory*? Do you believe the theory? Explain your reasoning.
- 5) (20 points) Developing countries have lots of problems which require the government to spend money it does not have. Explain two reasons why the government does not have much revenue to spend. What can the government do about the lack of money? Explain how that will help the problem.