

Write your name on the cover of the test booklet and nowhere else. Enclose this sheet with the booklet. Failure to follow these directions will cost you 1 point. The test has 150 points (to be scaled up to 180 points) and is scheduled to take 75 minutes. Therefore, expect to spend 1 minute for every 2 points. For example, a 14-point question should take 7 minutes. I can give extra time but not much.

1) (10 points) Answer EITHER Part A OR Part B.

A) We say that it is inaccurate to make general statements like “developing countries have a problem with a high illiteracy rate. Why is this wrong? Explain your logic.

B) Many developing countries have a problem with corruption. Why is that an economic problem?

2) (14 points) Answer EITHER Part A OR Part B.

A) What was apartheid? Even though it ended nearly two decades ago, it is still affecting South Africa. How is it affecting South Africa?

B) What is the greatest strength of the Nigerian economy? Explain why you chose that aspect of the economy.

3) (14 points) Answer EITHER Part A OR Part B.

A) AIDS is a major problem in some parts of the world. What can the government of a developing country do about the problem? Explain how they would finance it and how that would reduce the problem.

B) We mentioned the “curse of natural resources.” Explain why having one valuable natural resource, diamonds and oil are commonly cited examples, can be more of a curse for the country than a help.

4) (14 points) Answer EITHER Part A OR Part B.

A) China has been helping countries like Sierra Leone rebuild after their civil war. What economic gain can China get for this? Explain your logic.

B) What would you say is the greatest weakness in the Chinese economy? Explain your logic.

5) (18 points) Answer EITHER Part A OR Part B.

A) Why is genocide an economic problem? Explain your logic mentioning two reasons.

B) Many Tamils feel that a separate country called Elam is the only solution to Sri Lanka’s problems. What problem is that? How could that be achieved? Explain how that action would be implemented and how it would have the desired effect.

6) (20 points) Answer EITHER Part A OR Part B.

A) It is difficult for a developing country to raise money to spend. Explain why the three methods of financing a major project (taxing, borrowing, and printing money) are all problematic. Explain the problems with each method.

B) A lack of quality health care is a major problem in some parts of the world. Why is it a problem? What can the government of a developing country do about the problem? Explain how they would finance it and how that would reduce the problem.

More questions are on the back.

7) (20 points) Answer EITHER Part A OR Part B.

A) Do you think the Nigerian economy will be advancing or going backwards in the next decade? Mention two reasons in your answer and explain why those two aspects of their economy would affect the economy in the direction you predict.

B) Do you think the South African economy will be advancing or going backwards in the next decade? Mention two reasons in your answer and explain why those two aspects of their economy would affect the economy in the direction you predict.

8) (20 points) Answer EITHER Part A OR Part B.

A) What are two reasons why it is often difficult for a developing country to produce goods for export. Explain how that quality hurts their ability to export.

B) Culture of a country sometimes holds back the development of that country. Give an example of such a problem. What can the government do about that? Explain how that would work.

9) (20 points) Answer EITHER Part A OR Part B.

A) China's communist economy has continued fairly strong, long after the USSR fell. Why do you think this is the case? Explain two things they did differently and how those two actions have helped China.

B) If you were advising the Chinese government as to how to improve their economy, what advice would you give? Explain how that would help their economy.