Wilf Csaplar Jr. Economics 260 Homework #5 **Due Friday 3/18**

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) (15 points) What is meant by "gross enrollment rates" and how can countries have a number over 100%? Would you consider over 100% a good thing or a bad thing? Explain your logic.

2) (15 points) Pretend you are about the graduate. If you get a job now, it will pay you $50,000 per year and you will earn that for 48 years. If you go to graduate school, it will cost you $25,000 per year for two years. After graduation from graduate school, you will be earning $55,000 for 46 years. Set up the equation which will determine the private rate of return on your education. Briefly explain how you chose to put each number where you did. Without doing the calculation, explain how you use the result to figure out if graduate school is worth it.

3) (15 points) Explain why the social return on education could be higher or lower than the private return. Which do you think is more often higher for primary education? Explain your logic. Note that the table on Page 273 cannot be used for this because it ignores the positive externalities of education.

4) (10 points) Why is money spent on education often not directed to where it would be most useful? Explain your logic.

5) (10 points) What do you think is the most efficient way to get students to go to school in countries where most students do not go to school? Explain how that would work.

6) (25 points) Fill in the rest of the table. Show all calculations. If a calculation is not immediately obvious, then briefly explain what you did. Note that even though this comes out of the book, your numbers won't be the same as the book's because of rounding, and either the book's source used data for every year, or there is a typographical error.

Age	Proportion dying in interval	# living at the beginning	# dying during interval	Person years lived in age interval	Person years lived in this and subsequent	Years of life remaining
5 - 10	.00237	98,473	233	491,782	6,445,067	65.45
10-15	.00270					

7) (10 points) Explain how it is possible for people who are 10 years old to expect to live more years than a person just born. Shouldn't they expect to live 10 years less?