

All parts of the assignment will be turned in at the end of the lab. 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 10 points. 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) MNCs have both good and bad aspects to the host country. What are the benefits to the host country? What are the costs? In net, do you think they are more of a help or a curse? Explain your logic.
- 2) (10 points) What is meant by “joint venture requirements”? What is their impact on the amount of foreign direct investment in a country with that requirement? Explain your logic.
- 3) (20 points) Explain Modigliani’s Life Cycle Model. Why is it unlikely to hold for a developing country?
- 4) (25 points) Draw the conventional Environmental Kuznets Curve. Explain why it takes its shape.
- 5) (25 points) Draw the Environmental Kuznets Curve when there is a “race to the bottom.” Explain why it takes its shape including a definition of a race to the bottom.