

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up 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) (15 points) The article below blames the previous President of Venezuela, Hugo Chavez, for Venezuela's bad economy (in 2019, but still quite bad). What did Chavez say that such a devastating affect upon the economy? Why did it have such an impact?

<https://fee.org/articles/venezuelas-tragedy-shows-why-property-rights-matter/>

This graph is interesting. There is a caveat that it shows the percentage of the world economy. Therefore, a decrease could be because it grew slower than the rest of the world or it could be that it shrank.

<https://www.imf.org/external/datamapper/PPPSH@WEO/VEN?zoom=VEN&highlight=VEN>

2) (15 points) According to the webpage below, the literacy rate in Niger is 19%. What does that mean? Why is that bad for their economy? Explain how it has that impact.

<https://ourworldindata.org/literacy>

3) (20 points) Increasing the length of time a patent is in effect, will have both a good impact and a bad impact upon the economy. What is the good impact for the country as a whole? Explain how it will have that impact. What is the bad impact for the country as a whole. Explain how it will have that impact.

4) (10 points) What did Malthus predict? Why was his prediction so far off? Explain your logic.

5) (25 points) Suppose that the consumption function is given by $C = 200 + .8*(Y-T)$. Find the MPC, MPS, APC, and APS for a person with a disposable income of \$1000 and for a person with an income of \$100,000. Show all work. If there is no work, state how you got the answer.

6) (15 points) Which is easier to observe, a person's MPC or their APC? Explain your logic.