

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) In a developing country, does industry pay MPL_I or APL_I ? Why do they pay that? In a developing country, do farms pay MPL_A or APL_A ? Why do they pay that?

2) (20 points) Draw the two-sector labor market **without** a minimum wage. Illustrate the effects of an increase in the population. Explain why the curve(s) moved as drawn. What happens to the amount of labor in the two sectors and the wage rates in the two sectors? Explain how you reached your conclusions.

3) (25 points) Draw the two-sector labor market **with** a minimum wage. Illustrate the effects of an improvement in technology in the industry. Explain why the curve(s) moved as drawn. What happens to the amount of labor in the two sectors and the wage rates in the two sectors? Explain how you reached your conclusions.

4) (20 points) The link below is a long article. I am only interested in two paragraphs from it. Just below the video are the two paragraphs I am interested in. The first one starts out, "Citing 'advances in science,' the US Department of the Interior..." As described by those two paragraphs, was President Trump's deregulation of mountaintop removal mining, the type of deregulation which the "Washington Consensus" would approve of? Explain your logic. Why does the "Washington Consensus" have that opinion? Explain the logic of their position.
<https://www.hrw.org/report/2018/12/10/coal-mine-next-door/how-us-governments-deregulation-mountaintop-removal-threatens>

5) (20 points) The "Washington Consensus" says that a developing country should *liberalize foreign direct investment*. What does that mean and why do they say it should be done? Jagdish Bhagwati says that is a bad idea. Why does he say that?