

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) (30 points) According to the link below, South Africa's Gini Coefficient is 63.0. Draw a Lorenz Curve which has a Gini Coefficient similar to South Africa's. If you want you can do 66.7 which is $\frac{2}{3}$ since that should be easier to draw. Explain why you feel your graph has a Gini Coefficient around 63.0 or 66.7. Why is a Gini coefficient that large bad for economic growth?

<https://worldpopulationreview.com/country-rankings/gini-coefficient-by-country>

2) (10 points) Would theoretical communism or theoretical capitalism do better at the outcome of "economic stability"? Explain your logic.

3) (20 points) Given the description in this article about Italy's job market, what do you think will be the long-run effect of their laws? Explain your logic.

<https://worldcrunch.com/business-finance/the-world039s-best-and-worst-places-to-get-fired/>

4) (20 points) Suppose we created numbers for all six of our outcomes and could convert each of them to a scale of 0 - 100. What would be the problem with doing a straight average? Explain your logic. What would be the problem with doing a weighted average? Explain your logic.

5) (20 points) Foreign direct investment (FDI) in developing countries is controversial. It comes with both pluses and minuses from the poor (host) country's point of view. What is one good thing about it for the host country's point of view? Explain how it helps them. What is one bad thing about it for the host country's point of view? Explain how it hurts them.