

Do not write your name on the assignment. Write your name only on the back of this sheet of paper and staple your answers on the front of this sheet of paper. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to follow these directions will cost you 1 point on the assignment and failure to type it will cost you 10 points.

- 1) (15 points) Do you think that Bhagwati's "brain drain tax" would be a good idea? Explain your logic.
- 2) (15 points) It is interesting that Bhagwati would suggest the tax in #1 because he is part of the brain drain. Also, he claims that for most countries, brain drain may help the developing country. Explain how it could help them.
- 3) (30 points) Explain the difference between *indirect job creation* and *secondary job creation*. Which do you think will occur more if there is a new garment factory in a developing country which already has several such factories?
- 4) (20 points) Given the diagrams on pag 321, which type of education adds the most benefits? Explain your logic.
- 5) (20 points) Given the diagrams on pag 321, why do you think people with 16 years of schooling (basically the same category as the graduates in the graph below it) have so much higher income in Mexico than in India? Explain your logic.