

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) (15 points) What is the DOTS method? Why is does help eradicate diseases?
- 2) (20 points) What do you consider to be the most important single change which a developing country can make to improve health in the country. Explain how your proposal would work and how it is financed.
- 3) (20 points) Suppose a project would cost \$1000 a year for 2 years. It would make \$500 a year for 5 years. Set up the equation which would determine whether this project should be done if the desired return is 5%. Briefly explain how you decided what goes where. Do the calculation. (I won't ask for the calculation on a test.) Given the calculation, should this project be done? Explain your logic.
- 4) (20 points) Table 10-2 has the line 1 calculated like you did in Question #3 to get the +137. Show the calculation which they did to get -913, +325, -975, and the +313 in line 2. (The -913 really should be -912.5 and the +313 really should be +312.5 and both are incorrectly rounded off. They should round to -912 and 312, but everything in parentheses is irrelevant to the question.) Show the calculation which they did to get -110, +380, -1160, and +300 in line 3.
- 5) (5 points) Explain why the shadow price of workers is lower than the wage rate.
- 6) (10 points) FDI is controversial. Do you feel it is normally a benefit to the host country or normally a detriment to the host country? Explain your logic.
- 7) (10 points) Domestic content requirements have both good and bad aspects. Why might it be a bad idea? Explain your logic.