

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 this assignment 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) (10 points each) For each of the following events, write the debit and the credit. Briefly explain how you got them.

A) A foreign student pays \$10,000 tuition at Bethany College.

B) An American company pays \$5000 to a computer programmer in India to improve their software.

C) You buy \$3000 worth of shares of Ali Baba. (That is the Chinese equivalent of Amazon.com)

D) A Canadian sells \$8000 worth of shares of Ford to an American.

E) Macy's imports \$7000 worth of Johnston Murphy shoes. (Most are made in Brazil.)

F) You send \$2000 worth of N95 masks to Italy as a donation.

2) (20 points) Calculate the balance of trade on services, the balance of trade on goods, the current account balance, the short-term financial account, long-term financial account, and the capital-financial account balance for all of the parts of Question #1 combined. Show all calculations.

3) (15 points) How is the large current account deficits which the USA has had this century related to the fact we are a debtor nation (negative net investment position)? Explain your logic.

4) (15 points) Trump has accused China of being a currency manipulator. Do you agree or disagree? Explain your logic.