

Write your name on the cover of the test booklet and nowhere else. Enclose this sheet with the booklet. Failure to follow these directions will cost you 1 point. The test has 150 points (to be scaled up to 180 points) and is scheduled to take 75 minutes. Therefore, expect to spend 1 minute for every 2 points. For example, a 12-point question should take 6 minutes. I cannot give extra time because some students have a class after your class.

1) (12 points) For EITHER *economic growth* OR *stability*, is theoretical capitalism good or bad for that outcome. Explain your logic.

2) (12 points) Answer EITHER Part A OR Part B.

A) Does the USA have *common law* or *civic law*? What is the economic **advantage** of that type of law?

B) How does the USA reduce the problem of negative externalities? What is the economic **advantage** of that approach?

3) (12 points) Answer EITHER Part A OR Part B.

A) What is meant by the *euro-zone*? What is the greatest **advantage** for Germany being part of it? Explain your logic.

B) Is the German labor market highly regulated or not? What is the greatest **advantage** of that type of labor market. Explain your logic.

4) (12 points) Answer EITHER Part A OR Part B.

A) What are the *keiretsu*? What is the greatest **advantage** of them for Japan? Explain your logic.

B) The Japanese people predominately believe in the teachings of Confucius. What is the greatest **advantage** of this for their economy.

5) (16 points) The Anglo-Saxon Model of capitalism diverges from theoretical capitalism in several ways. Some of these differences are helpful while others hold them back. For ONE of the differences which **hurts** countries using the Anglo-Saxon Model, explain how it is **worse than** theoretical capitalism. Give an example from any of the countries which fit the Anglo-Saxon Model in your explanation.

6) (16 points) The Asian Model of capitalism diverges from theoretical capitalism in several ways. Some of these differences are helpful while others hold them back. For ONE of the differences which **hurts** countries using the Asian Model, explain how it is **worse than** theoretical capitalism. Give an example from any of the countries which fit the Asian Model in your explanation.

7) (16 points) The European Model of capitalism diverges from theoretical capitalism in several ways. Some of these differences are helpful while others hold them back. For ONE of the differences which **hurts** countries using the European Model, explain how it is **worse than** theoretical capitalism. Give an example from any of the countries which fit the European Model in your explanation.

8) (18 points) Answer EITHER Part A OR Part B.

A) Japan's banking system is very different from the banking system of the USA. Explain how they are different. Which do you think is a better system? Explain your logic.

B) What is one way the Japanese economy could be improved by being more like the economy of the USA? Explain how the two economies in that manner and how changing their economy to be more like the economy of the USA would help them.

9) (18 points) Answer EITHER Part A OR Part B.

A) The relationship between employers and employees is very different in Germany and the USA. Explain how they are different. Which system is better? Explain your logic.

B) The size of government is very different in Germany than in the USA. How is it different? Which system is better? Explain your logic.

10) (18 points) Answer EITHER Part A OR Part B.

A) The ownership of most companies is different between Germany and Japan. What is the difference? Which do you think is better? Explain your logic.

B) Both Germany and Japan have large banks. However, the banks' relationships with the firms they lend to are different. Explain the relationships. Which do you think is better? Explain your logic.