

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 the outcome of *economic growth* OR the outcome of *income distribution*, is theoretical capitalism strong or weak on that outcome? Explain your logic using economic logic

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

A) The USA has liquid asset markets. What does that mean? Why is that a strength of our economy?

B) What do you think is the strongest part of the USA's economy? Explain your logic.

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

A) What do you think is the weakest part of the German economy? Explain your logic.

B) German companies are known for *mittelstand*. What does that mean? What is the strength of that system? Explain your logic.

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

A) Japan has the *Keiretsu*. What are they? What is the greatest weakness of them? Explain your logic.

B) Confucianism both helps and hurts the Japanese economy. How does it hurt the Japanese economy? Explain your logic.

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 helps countries using the Anglo-Saxon Model, explain how it is better 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 helps countries using the European Model, explain how it is better 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) Large corporations in Japan and the USA have different types of ownership in most cases. Explain the differences. Which do you think is better? Explain your logic.
B) Does the USA or Japan have higher interest rates? Is a high interest rate good or bad? Explain your logic.

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

A) The relationship between firms and the unions is different in Germany and the USA. How are they different? Which do you think is better? Explain your logic.
B) The types of government intervention in Germany is different from the government intervention in the USA. Explain how they are different. Which do you think is better? Explain your logic.

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

A) Every successful country has some aspect of the country's economy which would help other countries if they acted the same way. What aspect of the German economy do you think it would help Japan if Japan emulated the German economy? Explain how that would help their economy.
B) Financing of companies is different in Japan and Germany. How are they different? Which do you feel is better? Explain your logic.