

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 *environmental viability* OR the outcome of *efficiency*, 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) It is said that the stock market in the USA is the most liquid. What does that mean? How did it become so liquid?

B) The USA has an increasing number of limited liability corporations and relatively fewer proprietorships. Explain the difference between the two and why this change is occurring.

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

A) Germany is in the Euro-Zone. What does that mean? How does it help them?

B) Overall, do you think the German economy is in good shape or bad shape? Explain your logic citing at least three statistics. (You do not have to get the numbers exactly, rather you can say something like, "Germany has high unemployment" or "Germany has low unemployment.")

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

A) Confucianism affects how Japanese businesses behave, both positively and negatively. Give an example of either a positive effect or a negative effect. Explain how the religion plays a role.

B) What do you consider to be the greatest weakness in the Japanese economy? Explain your logic for choosing that aspect.

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 **helps** countries using the Asian Model, explain how it is **better 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) How are the banking systems different in the USA and Japan? Which do you think is better? Explain your logic.

B) How are the legal systems of Japan and the USA different? Which do you think is better? Explain your logic.

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

A) Much of the time, the way German firms finance big projects is different from the way firms in the USA finance their big projects. Explain how they are different. Which do you think is better? Explain your logic.

B) How is the relationship between the firms and the unions different in the USA and Germany? Which do you think is better? Explain your logic.

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

A) How is government intervention in the markets different in Germany and Japan? Which do you think is better? Explain your logic.

B) What is one aspect of the German economy which would help Japan if it emulated? Explain how that would help them.