

If you are not in the classroom with me, you must be on Zoom with both your camera and microphone on.

<https://zoom.us/j/2818112563?pwd=Qm9LNHJQSmFLUGgrTlhsczcvWUR5dz09>

Do NOT write your name anywhere. (Canvas will tell me who turned in the exam.) Take pictures of your answers and use your own app or one of the pages I have links to on my home page (Links to an external site.) download to create a PDF for each answer which requires an upload. If it is large, resize it to 8.5"x11" or A4. Upload that to Canvas. Upload each answer as a separate file with that question. Failure to follow directions will cost you one point. People with Apple products may need to use CamScanner app.

You are not allowed to use your books, notes, the internet, or other people when taking this test.

You can use the internet to access Canvas and to convert your answers to PDF files. Nothing else.

If you run out of time or lose your internet connection, you can do a second submission. You do NOT have to redo the questions you already did. I will be able to see every submission. If you have problems, you can always contact me via Zoom or e-mail.

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 1 hour 15 minutes. Therefore, expect to spend 1 minute for every 2 points. For example, a 12-point question should take 6 minutes. I have it set up to only give you two hours.

1) (12 points) For EITHER the outcome of *efficiency* OR the outcome of *income distribution*, is theoretical capitalism good or bad at that? Explain your logic.

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

A) Explain why most new “partnerships” are actually created as an LLC rather than as a partnership.

B) How are most large companies financed in the USA? Is that likely to have a big or small principal-agent problem? Explain your logic.

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

A) What does it mean when I wrote “Germany has a European style welfare state.”? What is the advantage of that?

B) What do you think is the greatest weakness in the Germany economy? Explain how that hurts them.

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

A) Explain why the *keiretsu* often have tunneling. Make sure you define tunneling.

B) What do you think is the greatest strength of the Japanese economy? Explain how that helps 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 **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. USA vs Japan

A) The USA and Japan have different population growth rates. What are the differences? What are the causes of the difference in the population growth rates? Explain your logic.

B) All countries can learn from all other countries. What is one feature of the Japanese economy which it would be good for the USA to be more like. Explain how the two countries are different and explain why the Japanese version is better.

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

A) Anti-trust is different in the USA and Germany. How is it different? Which do you think is better? Explain your logic.

B) All countries can learn from all other countries. What is one feature of the American economy which it would be good for Germany to be more like. Explain how the two countries are different and explain why the American version is better.

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

A) Companies in Japan and Germany have similar relationships with the labor unions, but for different reasons. Explain the relationships between the firms and the unions and what causes them to behave that way.

B) The most typical form of financing of expansion of a company is different in Germany and Japan. Explain how they differ. Which do you think is better? Explain your logic.