

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 it 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) (20 points) Explain the difference between “common law” and “civil law”. Which does the USA have? Which type of law do you think is more likely to be fair? Explain your logic.
- 2) (20 points) In the Asian model, who owns most large companies? What is the most common way of financing a new factory in the Asian model? Explain how the ownership probably led to that type of financing.
- 3) (15 points) Go to <https://www.heritage.org/index/heatmap> and click on “business freedom”. Given the colors on the map, which model, Anglo, European, or Asian comes closest to what Adam Smith said about the role of government in the economy? Explain your logic. Make sure you tell me which countries you are looking at for each model.
- 4) (15 points) Go to <https://www.heritage.org/index/heatmap> and “clear selection”, then click on the USA. How does the USA do on “judicial effectiveness”? Do you consider that to be a good score or a bad score? Explain your logic and explain how that score impacts the economy.
- 5) (15 points) According to the NPR story linked below, “The U.S. has more than 4,000 small banks. That's more than any other country in the world and more than all of the small banks in the entire European Union combined.” FYI, the population of the EU is about 4/3 that of the USA. (There is no need to go to the link. I provided it just for reference.) Is having a large number of small banks good or bad? Explain your logic.
<https://www.npr.org/2023/05/04/1173488958/silicon-valley-bank-signature-first-republic-bank-failures>
- 6) (15 points) What anti-trust law is the main one the USA has? Why do we need it? Explain your logic.