

This review sheet is intended to cover everything that could be on the exam. However, it is possible that I may have inadvertently overlooked something. You are still responsible for everything in the chapters covered except anything that I explicitly say you are not responsible for. Therefore, if I left something off of this sheet, it can still be on the exam. There will be no multiple-choice questions. Most of the questions will be like the ones on the homework assignments, and possibly a few definition questions. I am more likely to ask questions that make you use definitions rather than have you recite them. I will probably ask one of the questions from the book at the end of the chapters.

The review session for this class will be Sunday, 9/28, at 7:00, in a room to be announced.

In general, for the chapters on different countries, I will be asking about how different countries fit or fail to fit the model that is applied to them. I will also ask about how those deviations help and/or hurt the functioning of the economy. I will not ask about specific numbers like the percentage of government revenue derived from the income tax. For the theory chapters, I will ask about the theories underpinning the models, how the model works, and what are the problems are with the models.

Chapter 1: Understand the general history of the 20th century. I will not ask about specific events except for questions like, “How did World War II affect future economic relationships between the European countries and the USA?” or “How did World War II help to strengthen the USA’s dominance in the global economy?”

Chapter 2: What are necessary factors for capitalism to work well? Why does that matter? When do those assumptions fail? How can those failures be addressed? What are the drawbacks of capitalism? How do we measure income inequality? Be able to manipulate and understand the Lorenz Curve and quintile ratio.

Chapters 3 - 5: How do the cultures of the USA, Japan, and German help and/or hurt the capitalist market in that country? How much government interference is there? What are the positive and negative aspects of that government interference? What has happened to the size of firms and unions? How do the banking systems of the three countries differ? In general, where does the USA get its revenue and where does it spend it? What are its strengths and what are its weaknesses? How do the Keiretsu and Sogo Shosha affect the Japanese Economy? What are their strengths and what are their weaknesses? How does the Mittelstand affect Germany’s economy? What are its strengths and what are its weaknesses? What complications has re-unification brought to the German economy?

This is the non-graded assignment #3A that will be covered with assignment #3.

1) (30 points) The conversion of one East German Mark to one West German Mark was controversial. Explain both the advantages and disadvantages of that conversion. Overall, do you think it was a good idea? Explain your logic.

2) (20 points) What do you feel to be Germany’s biggest obstacle to future prosperity? What would you do about it? Explain how your proposal will reduce the problem.

3) (30 points) State one problem of a purely capitalistic society. Of the three countries, USA, Germany, and Japan, which one do you think has reduced that problem the most? Explain both why you chose that country and why you did not choose the other two.

4) (20 points) Do you think the Mittelstand will be a net help or a net hindrance to Germany? Explain your logic.