

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 14-point question should take 7 minutes. I can give extra time but not much.

1) (15 points) Answer EITHER Part A OR Part B.

A) Use the supply and demand diagram to explain why theoretical capitalism should lead to the socially optimal level of production of a product.

B) Obviously, capitalism is the best economic system around, but all economic systems have problems. What do you feel is the biggest problem with capitalism? Explain your logic.

2) (15 points) Answer EITHER Part A OR Part B.

A) Which event in the 20th century do you feel had the biggest impact on the future of the world economy? Explain your logic.

B) Why do you think the economy of the USA became the strongest in the world during the 20th century? Explain your logic.

3) (20 points) Answer EITHER Part A OR Part B.

A) Do you think the USA or Germany has a better financial system? Explain your logic including a brief description of how the two differ and why that matters.

B) Do you think the USA or Germany has a better economy? Explain your logic citing two arguments supporting your conclusion.

4) (20 points) Answer EITHER Part A OR Part B.

A) Do you think Germany or Japan does a better job protecting the environment? Explain your logic including a brief description of how the two differ and why that matters.

B) What aspect of the German economy do you think would help the Japanese economy if Japan to emulate it? Explain why that would help them.

5) (20 points) Answer EITHER Part A OR Part B.

A) Do you think the USA or Japan is closer to theoretical capitalism? Explain your logic citing two arguments supporting your conclusion.

B) What aspect of the Japanese economy do you think would help the American economy if the USA to emulate it? Explain why that would help us.

6) (20 points) Answer EITHER Part A OR Part B.

A) What do you think is the greatest problem facing the American economy? Explain why you chose that as the problem mentioning what the current situation is, what it should be, and why the current situation hurts the economy as a whole.

B) If you were elected President of the USA this November (which is impossible given your age), then what would be the first action you would take to improve the economy. Explain why that action would have a positive impact on the country.

7) (20 points) Answer EITHER Part A OR Part B.

A) There are both good and bad aspects to the *kereitsu*. What are they and what are the advantages of them? Explain your logic.

B) There are both good and bad aspects to the *sogo shosha*. What are they and what are the disadvantages of them? Explain your logic.

8) (20 points) Answer EITHER Part A OR Part B.

A) There are both good and bad aspects to the *mittelstand*. What is it and what are the advantages of it? Explain your logic.

B) There are both good and bad aspects to the Germany using the euro. What is the euro and what are the disadvantages of using it? Explain your logic.