

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 at a time to be determined, probably Monday, 9/24.

Note that most semesters this has been MWF. Therefore, your test will be longer than old tests.

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. However, knowing some statistics about the current situation will be expected for some questions. For example, it would be helpful to know what the big problems are in the countries. 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 20<sup>th</sup> 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 use 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 reunification brought to the German economy?

---

This is the nongraded Assignment #3A that will be reviewed with Assignment #3.

1) (20 points) What is meant by *co-determination*? Does it have a negative or positive impact upon the German economy? Explain your logic.

2) (30 points) Germany still has a problem with high unemployment in the eastern part of the country. Why is this still a problem? What should the government do? Explain why that would help them.

3) (30 points) One problem of a purely capitalistic society is negative externalities like pollution. 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 one of 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.