

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 1 point. 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) In the USA, one of the major ways which firms raise funds for expansion is through issuing new shares of stock. What are the biggest advantage and the biggest disadvantage of do that? Do you think there is a net gain or a net loss in most cases? Explain your logic.
- 2) (15 points) The press often gives corporate raiders a bad reputation. What are they? Why might they be good for the economy? Explain your logic.
- 3) (15 points) What do you think is the greatest strength of the economy of the USA? In other words, what statistic about our economy is best or what aspect of our culture/laws do you think helps us the most. Explain why you feel that is a really strong part of our economy.
- 4) (30 points) We said that two of the weaknesses of capitalism are inequitable income distribution and the impact on the environment – i.e. negative externalities. How has the USA addressed these problems? Which do you think we have done a better job on? Explain your language.
- 5) (20 points) All countries can learn from all other countries. What aspect of the German economy might be good for the USA to emulate? Explain your logic.