

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) In the Anglo-Saxon Model, what type of government intervention is most common in the market? Do you think that is a wise type of intervention? Explain your logic.

2) (20 points) Does the USA have civil law or common law? Is that type of law more or less efficient from an economics perspective? Explain your logic.

3) (20 points) In the USA, most small companies are partnerships or sole proprietorships. However, now the number of LLCs has greatly increased. Explain the differences between LLCs and the others, and why LLCs are becoming much more common.

4) (20 points) Explain the principal-agent problem of corporations. How do stock options reduce the problem? Explain your logic.

5) (20 points) One measure of the most liquid stock market is the largest market value. According to the website below, the largest two stock markets are in the USA. Explain two reasons for this.

<https://www.ig.com/en/trading-strategies/what-are-the-largest-stock-exchanges-in-the-world--180905>

6) (0 points) These three songs are on the same album. One is about food. One is not about food. I have no idea what the third one is about. Which is which?

“Cheeseburger Maker Dü”

“Chipped Beef”

“Purgatory Sandwich With Mustard”

(Note the date you are working on this assignment.)