

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) (15 points) The United States is known for having the most transparent accounting system. (The new international standard created a few years ago is very similar to what the standard had been in the USA before that.) Do you think that was one of the reasons that stocks are more widely held in the USA than any other country or do you think that stocks are widely held despite the accounting system? In other words, does a transparent accounting system encourage people to buy stocks or discourage people from buying stocks? Explain your logic.
- 2) (20 points) Define a *sole proprietorship* and a *corporation*. Which one would have an easier time getting a loan? Explain your logic.
- 3) (15 points) Mitt Romney use to run a company which would take over failing companies and restructure them. What is the term for that? Do you think they generally do more harm or more good? Explain your logic.
- 4) (15 points) The book lists nearly three pages of government regulations which were written in the 1960s and 1970s. In general, do you think those regulations are good or bad. Choose one of them and explain how it supports your argument.
- 5) (15 points) Germany is in the EU and uses the euro (€). How do those facts help their economy? Explain your logic.
- 6) (20 points) The German banks often have one condition of a loan to a small business, they get to put one of their people on the board. That is not allowed in the USA. Which system do you think is better? Explain your logic mentioning one strength of that system and a weakness of the other system.