Name:

15 points

AP government Economics

Due 8/24

Use the following link (posted as a hyperlink on my website) to answer the following questions: <http://www.cato-unbound.org/2015/04/06/alex-tabarrok-tyler-cowen/end-asymmetric-information>

1. Why does the author believe asymmetric information in the market for cars will no longer be a problem in the future?
2. Do you agree?
3. What is the moral hazard problem? Give an example
4. How do reputation mechanisms work to reduce moral hazard?
5. What were some of the solutions to principle agent problems offered by the author?
6. How do escrow systems work? How do they reduce the principle agent problem? How can artificial agents improve them?