## Cassidy – Greed Cycle

1. Cassidy
   1. Greedy Cycle
      1. Shareholders Value Movements
      2. **Principal-agent problem**
         1. How to ensure that an agent serves the interest of the party who hired him/her, rather than the agent’s own interest
         2. It seems that now it is the shareholders.
         3. Do shareholders really own part of the company or do they just have liens on the profits?
      3. Stock options as possible solution
      4. Problems:
         1. Manipulation of stock price in fraud or focus on short-term gain at expense of long-term profitability
         2. Willingness to take huge risks

There will be a page and may have some box words. Principle agent, broad, narrow view, and an essay. True/False, multiple choice, box words

Isbisters article - having any firm cap on any wage related income, especially in capital gains, with respect to that he thinks if you try to do too much to limit the spread of incomes and you may be cutting back on investment amounts and that’s bad news.

Custodial Arguments – We shouldn’t settle our corporate officers other than what they’re good at (mainly making $ for shareholders). They don’t have the expertise or capabilities to do other than that.

Materialization Argument – The idea is that the people in these positions are very materialistic. If we entrust them with the ethical help of the community they’re going to be imposing their materialistic views on the rest of us.

To main one invisible hand and hand of government