

Take Test: Module 4 quiz

Test Information

Description It will be true of every weekly quiz that you will have 90 minutes to complete it.

You must complete it before the end of the module in which it's assigned.

You earn a half point towards your final point tally for each correct answer.

Instructions

Timed Test This test has a time limit of 1 hour and 30 minutes. This test will save and submit automatically when the time expires.
Warnings appear when **half the time**, **5 minutes**, **1 minute**, and **30 seconds** remain.

Multiple Attempts Not allowed. This test can only be taken once.

Force Completion Once started, this test must be completed in one sitting. Do not leave the test before clicking **Save and Submit**.

Remaining Time: 1 hour, 29 minutes, 53 seconds.

🔍 Question Completion Status:

Save All Answers

Save and Submit

QUESTION 1

0.5 points

Save Answer

Carson provides an account of how information necessary for efficient and entrepreneurial planning fails to find its way up through a firm's divisions to managers and decision makers. Which of the following is NOT part of his account?

- ☐ a. Shareholders are unable to distinguish the difference between losses resulting from underlying economic realities and losses resulting from poor managerial strategy.
- ☐ b. There's a preoccupation with the current share price instead of long-term profitability.
- ☐ c. Accountability of corporate executives becomes problematic when short-term profit does not reflect the overall health of the firm.
- ☐ d. The incentive of each division to make a profit automates the corporate bureaucracy toward efficiently maximizing profit.

QUESTION 2

0.5 points

Save Answer

Long suggest that a genuinely free, competitive market would be dominated by large corporations like Wal-Mart.

- ☐ True
- ☐ False

QUESTION 3**0.5 points****Save Answer**

Which of the following is NOT an example that Long mentions of government favoritism towards corporations?

- ☐ a. Monopoly privilege
- ☐ b. Unemployment insurance
- ☐ c. Bailouts
- ☐ d. Eminent domain

QUESTION 4**0.5 points****Save Answer**

According to Mises, what is the benefit of double-entry bookkeeping?

- ☐ a. Distinguishes between accounts payable and account receivable
- ☐ b. Prevents the entrepreneur from having an effective grasp of what's going on in each corporate division.
- ☐ c. Makes it possible to separate the calculation of profit and loss in each division of an enterprise, which allows the managerial system to run efficiently
- ☐ d. Reduces mistakes because two separate people are entering the data

QUESTION 5**0.5 points****Save Answer**

In the documentary, Milton Friedman (and the Milton Friedman Choir) argued that the use of corporate funds to pursue social goals (at the expense of shareholders) is an illegitimate infringement of the property rights of shareholders. But both Long and Carson argue that corporations benefit from public resources when state power is wielded on their behalf. Which of the following is most plausible?

- ☐ a. Friedman's criticisms of corporate social responsibility are refuted by the hypocrisy of corporations benefiting from government privilege.
- ☐ b. This involuntary redistribution of public resources towards corporate welfare should also be seen as an illegitimate infringement of property rights -- those of ordinary citizens.
- ☐ c. The benefits of higher levels of GDP and the growth of capital resources justify both prioritizing

- ☐ shareholders over the general public and the use of public resources to subsidize corporations.
- ☐ d. None of the above.

QUESTION 6**0.5 points****Save Answer**

According to Long, throughout U.S. history corporations have been overwhelmingly supportive of the free market.

- ☐ True
- ☐ False

QUESTION 7**0.5 points****Save Answer**

A 19th Century proponent of railroad interests, Richard Olney, once said about a Federal regulatory commission set up with the proclaimed goal of ending monopolistic activity in the railroad industry:

"The commission... is or can be made, of great use to the railroads. It satisfies the popular clamor for a government supervision of the railroads, at the same time that supervision is almost entirely nominal. Further, the older such a commission gets to be, the more inclined it will be found to take the business and railroad view of things... The part of wisdom is not to destroy the commission, but to utilize it."

This example best illustrates what kind of phenomenon?

- ☐ a. Regulatory capture
- ☐ b. Cartel enforcement
- ☐ c. Privatization
- ☐ d. Bailouts

QUESTION 8**0.5 points****Save Answer**

According to Carson, Mises successfully exempted capitalist corporations from the problems of inefficient bureaucracy.

- ☐ True
- ☐ False

QUESTION 9**0.5 points****Save Answer**

What is Carson's solution to the problem of large corporations externalizing all manner of costs onto society?

- ☐ a. The state needs more power to regulate corporations.
- ☐ b. Eliminate state policies that promote the interests of corporations.

☐ c. The state should legislate a maximum size for corporations.

- ☐ c. The state should legislate a maximum size for corporations.
- ☐ d. Eliminate markets and opt for centralized state management of the economy.

QUESTION 10**0.5 points****Save Answer**

According to Carson and Long, large corporations would not be able to externalize their costs to society as much or grow as big as they are if it weren't for government regulations that apply to their industries.

- ☐ True
- ☐ False

QUESTION 11**0.5 points****Save Answer**

According to Carson, by reducing the costs of large size, the state promotes larger-sized enterprises than would exist in a genuinely free, competitive market.

- ☐ True
- ☐ False

QUESTION 12**0.5 points****Save Answer**

According to Carson and Long, genuine market competition would usually force firms to be ethical enough.

- ☐ True
- ☐ False

QUESTION 13**0.5 points****Save Answer**

Carson's example of the corporate hospital justifying the downsizing of nurses and technicians as "cost cutting" measures while ignoring rising costs due to errors of overworked nurses and technicians and STAPH infections is best seen as an example of which of the following?

- ☐ a. Government privilege for a corporation
- ☐ b. The hospital internalizing externalities
- ☐ c. The consequences of regulatory capture
- ☐ d. The hospital focusing on what is easily seen and failing to recognize what is not as easily seen

Click Save and Submit to save and submit. Click Save All Answers to save all answers.

Save All Answers**Save and Submit**