



Take Test: Module 2 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 Sunday 11:59pm of the week/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: 56 minutes, 58 seconds.

Question Completion Status:

Save All Answers

Save and Submit

QUESTION 1

0.5 points

Saved

According to Keynes, how should pure capitalism be restrained to avoid its moral deficiencies?

- ☐ a. Not at all.
- ☐ b. Capitalism should be ditched in exchange for pure socialism.
- ☐ c. By making industry more responsive to competitive market pressures.
- ☒ d. By imposing various regulations on the behavior of industry.

QUESTION 2**0.5 points****Saved**

Capitalism is a system of social organization of resources based on all of the following, EXCEPT:

- ☒ A. Government control
- ☐ B. Private property rights
- ☐ C. Private ownership
- ☐ D. Voluntary exchange

QUESTION 3**0.5 points****Saved**

Hayek argues that the fullest expression of a free market supports the price system which communicates large amounts of information and coordinates the aims and desires of many individuals. Hayek would disagree with which of the following?

- ☐ a. Socialism
- ☒ b. Cronyism
- ☐ c. Sugar subsidies
- ☐ d. All of the above

QUESTION 4**0.5 points****Saved**

What does Hayek **deny** about economic planning?

- ☐ a. That it might be done centrally.
- ☐ b. That it might be done by organized industries.
- ☐ c. That it might be done by the decentralized decisions of individual actors in the society.
- ☒ d. That it might **not** be done at all.

QUESTION 5**0.5 points****Saved**

What is the “real function” of the price system, according to Hayek?

- ☐ a. To ensure businesses are able to make a profit.
- ☒ b. To communicate knowledge that facilitates the efficient allocation of scarce resources.
- ☐ c. To provide incentives for businesses to behave morally.
- ☐ d. To ensure consumers can afford what they want to buy.

QUESTION 6

0.5 points

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The concept of ownership of property is a function of the number and type of rights someone has relative to something.

- ☒ True
☐ False

QUESTION 7

0.5 points

Saved

Which answer best explains how the price system solves the problems of economic planning, according to Hayek?

- ☐ a. The price system provides a means to rapidly communicate information across large groups of individuals without the need for costly and inefficient direct intermediary oversight.
- ☐ b. The price system provides a quantitative point of accessibility that aligns with scientific methodological inquiry.
- ☐ c. The price system provides every individual member of society with knowledge of the causes and sources of price fluctuations or scarcity in a commodity.
- ☒ d. Both "a" and "c"

QUESTION 8

0.5 points

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What is **not** one of the reasons Coase gives for the limited expansion of the firm?

- ☐ a. A firm's expansion is constrained by the limitations of centralized planning required to operate such an organization.
- ☐ b. A firm's expansion is constrained to the point that is required by federal monopoly legislation.
- ☒ c. A firm's expansion is constrained to the point where the costs of creating an additional internalized transaction is equal to the transaction in the open market.
- ☐ d. A firm's expansion is constrained to the point where the "other advantages" of the small firm equal those of an existing firm.

QUESTION 9

0.5 points

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There is a disruption in the mining of Yttrium (a mineral used in iPhone screens) and the price of iPhones goes up. Consumers buy fewer iPhones. This price increase is

- ☐ a. A consequence of centralized economic planning
- ☒ b. A consequence of performing a set of constrained maximization problems
- ☐ c. A consequence of manipulating the regulatory environment of business
- ☐ d. A consequence of a largely impersonal and competitive price system

QUESTION 10

0.5 points

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What, according to Coase, is the distinguishing mark of a firm?

- ☒ a. The operation of an open, competitive price mechanism to direct its resources within the organization is suppressed.
- ☐ b. The operating budget of the organization reaches \$5 million.
- ☐ c. The internal allocation of resources is totally insulated from the outside network of relative prices and costs.
- ☐ d. The direction of resources optimally flows along the organization of the open, competitive price system.

QUESTION 11**0.5 points****Saved**

Voluntary exchange is supposed to promote which of the following?

- ☐ a. Mutual benefit, mutual respect, and social chaos
- ☐ b. Social chaos, efficiency, and mutual benefit
- ☒ c. Efficiency, mutual benefit, and mutual respect
- ☐ d. Efficiency, mutual respect, and social chaos

QUESTION 12**0.5 points****Saved**

Hayek suggests that the institutional background that's needed in order for the price system to play its role in a society's knowledge problems includes which of the following?

- ☒ a. Private property
- ☐ b. Benevolent and public-spirited citizens
- ☐ c. The most brilliant minds on earth
- ☐ d. A room of super-computers

QUESTION 13**0.5 points****Saved**

When will firms tend to expand, according to Coase?

- ☐ a. When the costs of organizing a transaction externally (with another firm) increase.
- ☐ b. When the entrepreneur/decision-maker is unlikely to make mistakes.
- ☒ c. When the price of resources necessary to organize transactions internally decrease.
- ☐ d. All of the above.

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

Save All Answers

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