

Lesson #7 Quiz

Graded Quiz • 30 min

Due Nov 16, 4:59 PM +09

Congratulations! You passed!

TO PASS 80% or higher

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GRADE

100%

Lesson #7 Quiz

LATEST SUBMISSION GRADE

100%

1.

Question 1

Which of the following best describes the “invisible hand”?

1 / 1 point

The free market, guided by self-interest, is mislead to inefficiently allocate resources.

Subtle government economic interventions can lead to the inefficient allocation of resources.

Subtle government economic interventions can ensure the sufficient production of goods to meet society’s demands.

The free market, guided by self-interest, ensures the sufficient production of goods to meet society’s demands.

Correct

2.

Question 2

What problems does prospect theory solve? (check all that apply)

1 / 1 point

People can underestimate high probabilities and overestimate low probabilities

Correct

The weighting function shows that there is a difference between the actual probability of an event and the subjective probability

People do not treat gambles as equivalent to their expected utility

Correct

For example, expected utility theory predicts that everyone should take a gamble with a 50% chance of winning \$200 and a 50% chance of losing \$100, but in practice many people do not take this gamble.

People will make big gambles to avoid losses

Correct

The value function indicates that once people have lost a lot of money, they will be more likely to make risky gambles with the purpose of coming back to their baseline.

People will often make purchases impulsively

3.

Question 3

What is the wishful thinking bias?

1 / 1 point

People over-estimate probabilities of things they would like to be true.

People hope that their sports team or political candidate will win

People think that, if they hope for something strongly enough, it will be more likely to happen.

People do not consider the probability of the things they want most.

Correct

For example, people over-estimate the probability that their favorite sports team or political candidate will win.

4.

Question 4

Ricardo thinks that, since society seems similar to what it was in the late 1920s, a second Great Depression is coming soon. To which cognitive bias is Ricardo falling victim?

1 / 1 point

The disjunction effect

Attention anomalies

The framing effect

Representativeness heuristic

Correct

Even though the probability of another Great Depression is low, current conditions seem to fit this single example.

5.

Question 5

What is Newcomb's paradox?

1 / 1 point

People sometimes change their behavior when they learn about a prediction which has been made about the future.

People prefer a small chance at winning \$1 million than a high chance of winning \$1000.

People behave irrationally when faced with decisions which involve large sums of money.

People will behave differently if playing games against a computer compared to playing them with a human opponent.

Correct

6.

Question 6

Which of the following is NOT a common trait of somebody with Antisocial Personality Disorder?

1 / 1 point

Lack of empathy

Lack of desire to interact with others

Manipulative

Heightened self-esteem

Correct

Those with Antisocial Personality Disorder like to manipulate, not avoid, others.