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

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

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?

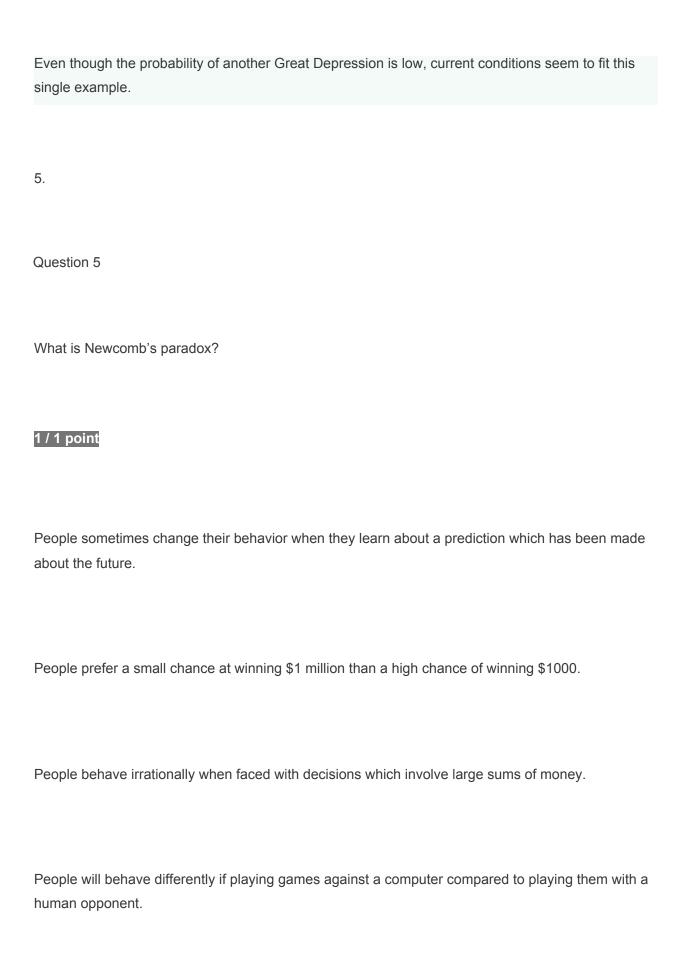
For example, expected utility theory predicts that everyone should take a gamble with a 50% chance

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.
candidate will wift.

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



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.