

# Homework (chapter 11)

**Due** Feb 3 at 11:59pm**Points** 20**Questions** 20**Available** until Feb 3 at 11:59pm**Time Limit** None**Allowed Attempts** 2

## Instructions

This required homework assignment covers material from chapter 11.

Homework answers may be saved and returned to, as long as it is within the deadline. To do so, remember to save your responses before leaving the Canvas website, and do not click on the “Submit” button (or Canvas will automatically grade your assignment and you will have no way of changing your answers). If you start the quiz before the deadline but do not finish by the deadline, Canvas will submit the homework for you at the deadline.

This quiz was locked Feb 3 at 11:59pm.

## Attempt History

	Attempt	Time	Score
LATEST	<a href="#">Attempt 1</a>	10 minutes	17 out of 20

Score for this attempt: **17** out of 20

Submitted Jan 28 at 11:46pm

This attempt took 10 minutes.

**Correct!**

### Question 1

1 / 1 pts

When the consumer price index rises, the typical family

- ☒ has to spend more dollars to maintain the same standard of living.
- ☐ can spend fewer dollars to maintain the same standard of living.
- ☐ finds that its standard of living is not affected.

- ☐ can offset the effects of rising prices by saving more.

**Question 2****1 / 1 pts**

The inflation rate is defined as the

- ☐ price level in an economy.
- ☐ change in the price level from one period to the next.
- ☒ percentage change in the price level from the previous period.
- ☐ price level minus the price level from the previous period.

**Correct!****Question 3****1 / 1 pts**

Which of the following statements is correct?

- ☒ The CPI can be used to compare dollar figures from different points in time.
- ☐ The percentage change in the CPI is a measure of the inflation rate, but the percentage change in the GDP deflator is not a measure of the inflation rate.
- ☐ Compared to the consumer price index (CPI), the GDP deflator is the more common gauge of inflation.

**Correct!**



The GDP deflator better reflects the goods and services bought by consumers than does the CPI.

#### Question 4

1 / 1 pts

Which of the following agencies calculates the CPI?

☐ the National Price Board

☐ the Department Of Weight and Measurements

☒ the Bureau of Labor Statistics

☐ the Congressional Budget Office

Correct!

#### Question 5

1 / 1 pts

*Table 24-2*

The table below pertains to Pieway, an economy in which the typical consumer's basket consists of 15 bushels of peaches and 10 bushels of pecans.

Year	Price of Peaches	Price of Pecans
2012	\$11 per bushel	\$6 per bushel
2013	\$9 per bushel	\$10 per bushel

**Refer to Table 24-2.** The cost of the basket in 2012 was

**Correct!**

- ☐ \$200.
- ☒ \$225.
- ☐ \$235.
- ☐ \$212.50.

**Question 6****1 / 1 pts****Table 24-2**

The table below pertains to Pieway, an economy in which the typical consumer's basket consists of 15 bushels of peaches and 10 bushels of pecans.

Year	Price of Peaches	Price of Pecans
2012	\$11 per bushel	\$6 per bushel
2013	\$9 per bushel	\$10 per bushel

**Refer to Table 24-2.** The cost of the basket in 2013 was

- ☐ \$200.
- ☐ \$225.
- ☒ \$235.
- ☐ \$237.5.

**Correct!**

**Question 7****1 / 1 pts****Table 24-2**

The table below pertains to Pieway, an economy in which the typical consumer's basket consists of 15 bushels of peaches and 10 bushels of pecans.

Year	Price of Peaches	Price of Pecans
2012	\$11 per bushel	\$6 per bushel
2013	\$9 per bushel	\$10 per bushel

**Refer to Table 24-2.** If 2012 is the base year, then the CPI for 2012 was

☐ 95.7.

☒ 100.0.

☐ 90.0.

☐ 110.0.
**Correct!****Question 8****1 / 1 pts****Table 24-2**

The table below pertains to Pieway, an economy in which the typical consumer's basket consists of 15 bushels of peaches and 10 bushels of pecans.

Year	Price of Peaches	Price of Pecans

2012	\$11 per bushel	\$6 per bushel
2013	\$9 per bushel	\$10 per bushel

**Refer to Table 24-2.** If 2012 is the base year, then the CPI for 2013 was

☐ 95.7.

☐ 100.0.

☒ 104.4.

☐ 110.0.

**Correct!**

## Question 9

1 / 1 pts

**Table 24-2**

The table below pertains to Pieaway, an economy in which the typical consumer's basket consists of 15 bushels of peaches and 10 bushels of pecans.

Year	Price of Peaches	Price of Pecans
2012	\$11 per bushel	\$6 per bushel
2013	\$9 per bushel	\$10 per bushel

**Refer to Table 24-2.** If 2012 is the base year, then the inflation rate in 2013 was

☐ 23.5 percent.

☐ 1.04 percent.

**Correct!**

- ☐ 10 percent.
- ☒ 4.4 percent.

**Question 10****1 / 1 pts****Table 24-8**

The table below relates to the economy of Mainland, where the typical consumer's market basket consists of 2 televisions and 300 hamburgers.

Year	Price of a television	Price of a hamburger
2013	\$600	\$2
2014	\$550	\$3
2015	\$500	\$2

**Refer to Table 24-8.** The cost of the basket

- ☐ increased from 2013 to 2014 and increased from 2014 to 2015.
- ☒ increased from 2013 to 2014 and decreased from 2014 to 2015.
- ☐ decreased from 2013 to 2014 and increased from 2014 to 2015.
- ☐ decreased from 2013 to 2014 and decreased from 2014 to 2015.

**Correct!****Question 11****0 / 1 pts****Table 24-8**

The table below relates to the economy of Mainland, where the typical consumer's market basket consists of 2 televisions and 300 hamburgers.

Year	Price of a television	Price of a hamburger
2013	\$600	\$2
2014	\$550	\$3

2015	\$500	\$2
------	-------	-----

**Refer to Table 24-8.** If the base year is 2013, then the consumer price index was

- ☐ 80 in 2013, 100 in 2014, and 60 in 2015.
- ☒ 100 in 2013, 300 in 2014, and -100 in 2015.
- ☐ 180 in 2013, 200 in 2014, and 160 in 2015.
- ☐ 100 in 2013, 111.1 in 2014, and 88.9 in 2015.

ou Answered

orrect Answer

## Question 12

0 / 1 pts

**Table 24-8**

The table below relates to the economy of Mainland, where the typical consumer's market basket consists of 2 televisions and 300 hamburgers.

Year	Price of a television	Price of a hamburger
2013	\$600	\$2
2014	\$550	\$3
2015	\$500	\$2

**Refer to Table 24-8.** If the base year is 2013, then the economy's inflation rate in 2014 is

- ☐ 11.1 percent.
- ☒ 200 percent.
- ☐ 10 percent.
- ☐ 90 percent.

orrect Answer

ou Answered



**Question 13****1 / 1 pts**

The CPI and the GDP deflator

**Correct!**

- ☒ generally move together.
- ☐ generally show different patterns of movement.
- ☐ always show identical changes.
- ☐ always show different patterns of movement.

**Question 14****1 / 1 pts**

The CPI differs from the GDP deflator in that

**Correct!**

- ☐ the CPI is a price index, while the GDP deflator is an inflation index.
- ☐ substitution bias is not a problem with the CPI, but it is a problem with the GDP deflator.
- ☒ increases in the prices of foreign produced goods that are sold to U.S. consumers show up in the CPI but not in the GDP deflator.
- ☐ increases in the prices of domestically produced goods that are sold to the U.S. government show up in the CPI but not in the GDP deflator.

**Question 15****1 / 1 pts**

In 1931, President Herbert Hoover was paid a salary of \$75,000. Government statistics show a consumer price index of 15.2 for 1931 and 229.6 for 2012. President Hoover's 1931 salary was equivalent to a 2012 salary of about

- ☐ \$4,965.
- ☒ \$1,132,895.
- ☐ \$1,057,894.
- ☐ \$16,080,001.

**Correct!****Question 16****1 / 1 pts**

In 1931 the price of a movie ticket was \$0.25. The consumer price index was 15.2 in 1931, and 210 in 2008. Using 2008 prices, the real price of a movie in 1931 was

- ☐ \$13.82.
- ☐ \$52.50.
- ☐ \$1.81.
- ☒ \$3.45.

**Correct!****Question 17****1 / 1 pts**

You know that a candy bar cost five cents in 1962. You also know the CPI for 1962 and the CPI for today. Which of the following would you use to compute the price of the candy bar in today's prices?

**Correct!**

- ☐ five cents  $\times$  (1962 CPI / today's CPI)
- ☐ five cents  $\times$  ((today's CPI - 1962 CPI)/1962 CPI)
- ☒ five cents  $\times$  (today's CPI / 1962 CPI)
- ☐ five cents  $\times$  today's CPI - five cents  $\times$  1962 CPI.

**Question 18****0 / 1 pts**

If the nominal interest rate is 4.2 percent and the rate of inflation is -0.5 percent, then the real interest rate is

**You Answered**☒ -8.4 percent.☐ -2.1 percent.☐ 3.7 percent.**Correct Answer**☐ 4.7 percent.**Question 19****1 / 1 pts**

One of the widely acknowledged problems with using the consumer price index as a measure of the cost of living is that the CPI

☐ fails to account for consumer spending on housing.☐ accounts only for consumer spending on food, clothing, and energy.



fails to account for the fact that consumers spend larger percentages of their incomes on some goods and smaller percentages of their incomes on other goods.

**Correct!**

fails to account for the introduction of new goods.

**Question 20****1 / 1 pts**

One of the widely acknowledged problems with using the consumer price index as a measure of the cost of living is that the CPI

**Correct!**

fails to measure all changes in the quality of goods.



displays a housing bias.



accounts for changes in prices of some goods, but prices of certain goods are assumed to remain constant.



All of the above are correct.

**Quiz Score: 17 out of 20**