

Homework (chapter 1)

Due Jan 27 at 11:59pm**Points** 20**Questions** 20**Available** until Jan 27 at 11:59pm**Time Limit** None**Allowed Attempts** 2

Instructions

This required homework assignment covers material from chapter 1.

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.

[Take the Quiz Again](#)

Attempt History

	Attempt	Time	Score
LATEST	Attempt 1	14 minutes	20 out of 20

⚠ Correct answers will be available on Jan 28 at 12am.

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

Submitted Jan 21 at 1:33pm

This attempt took 14 minutes.

Question 1

1 / 1 pts

The phenomenon of *scarcity* stems from the fact that

- ☐ most economies' production methods are not very good.
- ☐ in most economies, wealthy people consume disproportionate quantities of goods and services.

- ☐ governments restrict production of too many goods and services.
- ☒ resources are limited.

Question 2**1 / 1 pts**

The principle that "people face tradeoffs" applies to

- ☐ individuals.
- ☐ families.
- ☐ societies.
- ☒ All of the above are correct.

Question 3**1 / 1 pts**

Candice is planning her activities for a hot summer day. She would like to go to the local swimming pool and see the latest blockbuster movie, but because she can only get tickets to the movie for the same time that the pool is open she can only choose one activity. This illustrates the basic principle that

- ☐ people respond to incentives.
- ☐ rational people think at the margin.
- ☒ people face tradeoffs.
- ☐ improvements in efficiency sometimes come at the expense of equality.

Question 4**1 / 1 pts**

Guns and butter are used to represent the classic societal tradeoff between spending on

- ☐ durable and nondurable goods.
- ☐ imports and exports.
- ☒ national defense and consumer goods.
- ☐ law enforcement and agriculture.

Question 5**1 / 1 pts**

Economists use the word *equality* to describe a situation in which

- ☒ each member of society has the same income.
- ☐ each member of society has access to abundant quantities of goods and services, regardless of his or her income.
- ☐ society is getting the maximum benefits from its scarce resources.
- ☐ society's resources are used efficiently.

Question 6**1 / 1 pts**

Efficiency means that

- ☐ society is conserving resources in order to save them for the future.

☐

society's goods and services are distributed equally among society's members.

☐

society's goods and services are distributed fairly, though not necessarily equally, among society's members.

☒

society is getting the maximum benefits from its scarce resources.

Question 7

1 / 1 pts

The opportunity cost of an item is

☐

the number of hours needed to earn money to buy the item.

☒

what you give up to get that item.

☐

usually less than the dollar value of the item.

☐

the dollar value of the item.

Question 8

1 / 1 pts

In economics, the cost of something is

☐

the dollar amount of obtaining it.

☐

always measured in units of time given up to get it.

☒

what you give up to get it.

☐

often impossible to quantify, even in principle.

Question 9**1 / 1 pts**

For most students, the earnings they give up to attend college are

- ☐ a minor cost when compared to the costs of tuition, room and board, and the like.
- ☒ the single largest cost of their education.
- ☐ about equal to the costs of room and board at college.
- ☐ not considered true costs by an economist.

Question 10**1 / 1 pts**

In the context of decisionmaking, the word “marginal” is most closely associated with the word

- ☐ “unimportant.”
- ☐ “slow.”
- ☒ “edge.”
- ☐ “irrational.”

Question 11**1 / 1 pts**

A rational decision maker takes an action only if the

- ☐ marginal benefit is less than the marginal cost.
- ☒ marginal benefit is greater than the marginal cost.
- ☐ average benefit is greater than the average cost.
- ☐ marginal benefit is greater than both the average cost and the marginal cost.

Question 12**1 / 1 pts**

People are likely to respond to a policy change

- ☐ only if they think the policy is a good one.
- ☐ only if the policy change changes the costs of their behavior.
- ☐ only if the policy change changes the benefits of their behavior.
- ☒ if the policy changes either the costs or benefits of their behavior.

Question 13**1 / 1 pts**

Which of the following principles is *not* one of the four principles of *individual* decisionmaking?

- ☐ People face tradeoffs.
- ☒ Trade can make everyone better off.
- ☐ People respond to incentives.
- ☐ Rational people think at the margin.

Question 14**1 / 1 pts**

Market economies are distinguished from other types of economies largely on the basis of

- ☐ the political affiliations of government officials.
- ☐ the process by which government officials are elected or appointed.
- ☒ the ways in which scarce resources are allocated.
- ☐ the number of retail outlets available to consumers.

Question 15**1 / 1 pts**

Market failure can be caused by

- ☐ low consumer demand.
- ☐ equilibrium prices.
- ☒ externalities and market power.
- ☐ high prices and foreign competition.

Question 16**1 / 1 pts**

The famous observation that households and firms interacting in markets act as if they are guided by an “invisible hand” that leads them to desirable market outcomes comes from whose 1776 book?

- ☐ David Ricardo

- ☐ Thorstein Veblen
- ☐ John Maynard Keynes
- ☒ Adam Smith

Question 17**1 / 1 pts**

The "invisible hand" directs economic activity through

- ☐ advertising.
- ☒ prices.
- ☐ central planning.
- ☐ government regulations.

Question 18**1 / 1 pts**

Productivity is defined as the quantity of goods and services produced from each unit of labor input.

- ☒ True
- ☐ False

Question 19**1 / 1 pts**

Inflation is the primary determinant of a country's living standards.

☐ True☒ False**Question 20****1 / 1 pts**

The business cycle refers to fluctuations in economic activity such as employment and production.

☒ True☐ False**Quiz Score: 20** out of 20