### Homework (chapter 11)

**Due** Feb 3 at 11:59pm **Points** 20 **Questions** 20

### **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	Attempt 1	10 minutes	17 out of 20

Score for this attempt: 17 out of 20

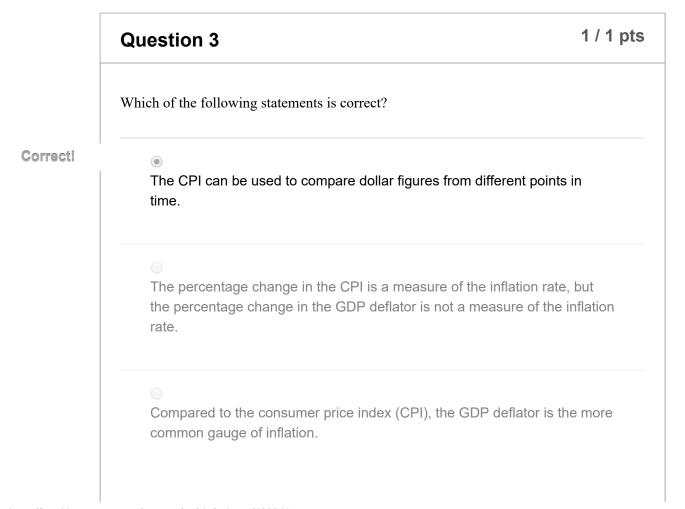
Submitted Jan 28 at 11:46pm This attempt took 10 minutes.

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	ng.
<ul> <li>can spend fewer dollars to maintain the same standard of living</li> </ul>	
finds that its standard of living is not affected.	
	When the consumer price index rises, the typical family  • has to spend more dollars to maintain the same standard of livin  • can spend fewer dollars to maintain the same standard of living

C

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.	
Correct!	percentage change in the price level from the previous period.	
	price level minus the price level from the previous period.	





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	
	<ul> <li>the Department Of Weight and Measurements</li> </ul>	
Correct!	the Bureau of Labor Statistics	
	<ul> <li>the Congressional Budget Office</li> </ul>	

### 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.

lYear		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

	(
	\$200.
Correct!	\$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 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.

### Correct!

- \$235.
- \$237.5.

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 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

### Correct!

- 100.0.
- 90.0.
- 110.0.

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	L ,	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.

### Correct!

- 104.4.
- 110.0.

### Question 9 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 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.

10 percent.

### Correct!

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.

### Correct!

- 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.

### **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

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.

### 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

### orrect Answer

11.1 percent.

### ou Answered

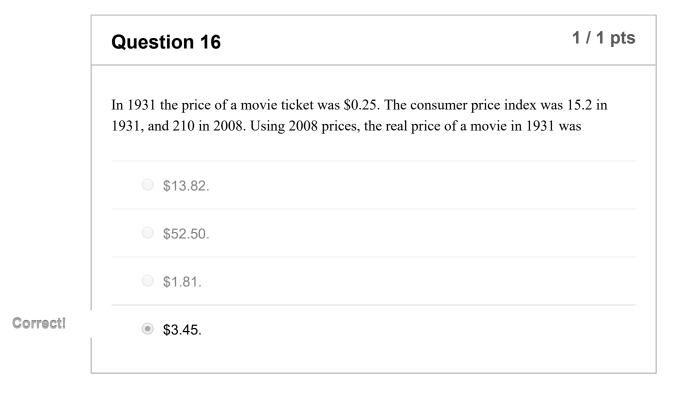
200 percent.

- 10 percent.
- 90 percent.

### The CPI and the GDP deflator generally move together. generally show different patterns of movement. always show identical changes. always show different patterns of movement.

# The CPI differs from the GDP deflator in that 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. Correct! 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.

## 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.



### 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?

Heliowerk (chapter 17). Site open controls and
○ five cents x (1962 CPI / today's CPI)
five cents x ((today's CPI - 1962 CPI)/1962 CPI)
● five cents x (today's CPI / 1962 CPI)
five cents x today's CPI - five cents x 1962 CPI.

### Question 18 O / 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 • -8.4 percent. • -2.1 percent. • 3.7 percent. • 4.7 percent.

### 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.

# One of the widely acknowledged problems with using the consumer price index as a measure of the cost of living is that the CPI In a fails to measure all changes in the quality of goods. In a displays a housing bias. In a displays a housing bias.

Quiz Score: 17 out of 20