

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.

Attempt History

	Attempt	Time	Score
KEPT	Attempt 2	2 minutes	20 out of 20
LATEST	Attempt 2	2 minutes	20 out of 20
	Attempt 1	14 minutes	18 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 3:28pm

This attempt took 2 minutes.

Question 1

1 / 1 pts

The word “economy” comes from the Greek word *oikonomos*, which means

- ☐ “environment.”
- ☐ “production.”
- ☒ “one who manages a household.”

- ☐ “one who makes decisions.”

Question 2**1 / 1 pts**

Economics deals primarily with the concept of

- ☒ scarcity.
- ☐ money.
- ☐ poverty.
- ☐ banking.

Question 3**1 / 1 pts**

Lawrence is a photographer. He has \$230 to spend and wants to buy either a flash for his camera or a new tripod. Both the flash and tripod cost \$230, so he can only buy one. This illustrates the principle that

- ☐ trade can make everyone better off.
- ☒ people face trade-offs.
- ☐ rational people think at the margin.
- ☐ people respond to incentives.

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**

The terms *equality* and *efficiency* are similar in that they both refer to benefits to society. However they are different in that

- ☒ equality refers to uniform distribution of those benefits and efficiency refers to maximizing benefits from scarce resources.
- ☐ equality refers to maximizing benefits from scarce resources and efficiency refers to uniform distribution of those benefits.
- ☐ equality refers to everyone facing identical tradeoffs and efficiency refers to the opportunity cost of the benefits.
- ☐ equality refers to the opportunity cost of the benefits and efficiency refers to everyone facing identical tradeoffs.

Question 6**1 / 1 pts**

Melody decides to spend three hours working overtime rather than going to the park with her friends. She earns \$20 per hour for overtime work. Her opportunity cost of working is

- ☐ the \$60 she earns working.
- ☐ the \$60 minus the enjoyment she would have received from going to the park.
- ☒ the enjoyment she would have received had she gone to the park.
- ☐ nothing, since she would have received less than \$60 worth of enjoyment from going to the park.

Question 7**1 / 1 pts**

The opportunity cost of going to college is

- ☐ the total spent on food, clothing, books, transportation, tuition, lodging, and other expenses.
- ☒ the value of the best opportunity a student gives up to attend college.
- ☐ zero for students who are fortunate enough to have all of their college expenses paid by someone else.
- ☐ zero, since a college education will allow a student to earn a larger income after graduation.

Question 8**1 / 1 pts**

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

☐ “unimportant.”

☐ “slow.”

☒ “edge.”

☐ “irrational.”

Question 9

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 10

1 / 1 pts

Trade between countries tends to

☐ reduce both competition and specialization.

☐ reduce competition and increase specialization.

☐ increase competition and reduce specialization.

☒ increase both competition and specialization.

Question 11**1 / 1 pts**

The term "invisible hand" was coined by

- ☒ Adam Smith.
- ☐ David Ricardo.
- ☐ Karl Marx.
- ☐ Benjamin Franklin.

Question 12**1 / 1 pts**

Causes of market failure include

- ☒ externalities and market power.
- ☐ market power and incorrect forecasts of consumer demand.
- ☐ externalities and foreign competition.
- ☐ incorrect forecasts of consumer demand and foreign competition.

Question 13**1 / 1 pts**

An example of an externality is the impact of

- ☐ bad weather on the income of farmers.
- ☐ the personal income tax on a person's ability to purchase goods and services.

- ☒ pollution from a factory on the health of people in the vicinity of the factory.
- ☐ increases in health care costs on the health of individuals in society.

Question 14**1 / 1 pts**

Market power refers to the

- ☒ power of a single person or small group to influence market prices.
- ☐ ability of a person or small group to successfully market new products.
- ☐ power of the government to regulate a market.
- ☐ importance of a certain market in relation to the overall economy.

Question 15**1 / 1 pts**

Productivity is defined as the

- ☒ amount of goods and services produced from each unit of labor input.
- ☐ number of workers required to produce a given amount of goods and services.
- ☐ amount of labor that can be saved by replacing workers with machines.
- ☐ actual amount of effort workers put into an hour of working time.

Question 16**1 / 1 pts**

Inflation is defined as

- ☐ a period of rising productivity in the economy.
- ☐ a period of rising income in the economy.
- ☐ an increase in the overall level of output in the economy.
- ☒ an increase in the overall level of prices in the economy.

Question 17

1 / 1 pts

Economics is the study of how evenly goods and services are distributed within society.

- ☐ True
- ☒ False

Question 18

1 / 1 pts

To say people respond to incentives means that people may alter their decisions when the costs and benefits of an action change.

- ☒ True
- ☐ False

Question 19

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 20**1 / 1 pts**

Which of the following is the primary cause of inflation?

- ☒ an increase in the quantity of money
- ☐ an increase in government spending
- ☐ an increase in unemployment
- ☐ an increase in productivity

Quiz Score: **20** out of 20