

Homework 8

Due on 24/10/2023, by 23:00

This assignment is optional but **STRONGLY RECOMMENDED**. If you do not submit the answers till the deadline, the score of your final exam will substitute for the score for this assignment. Submit only the correct letter for each task on eLearn under 'Quizzes' within 'COR2100-Economics and Society G7-8-26-49'. Note that the actual text of questions and answers is not supposed to appear on the eLearn quiz. You have unlimited attempts. The system is programmed to credit your last attempt. Be informed that if you submit an attempt and afterwards you re-open the quiz, you must submit your answers **AGAIN**. Otherwise, the system will grade the unfinished attempt with 0 (because it is the last one) and there is **NOTHING** I can do to fix this after the fact. Late homework or homework submitted outside eLearn cannot be accepted as this would violate SMU official policy for fairness and transparency in grading. This assignment is protected by Grade Insurance™: If the assignment's average turns out to be below 75, an equal amount of bonus points will be given to every work, for the average to become 75. Direct any homework questions to your TA.

1. Which of the following is accurate according to the Malthusian theory?
 - A. Population growth will eventually reduce living standards to the point of triggering a population decline.
 - B. Population growth will eventually reduce living standards to the point of triggering further population increase.
 - C. Population growth will eventually increase living standards to the point of triggering a population decline.
 - D. Population growth will eventually increase living standards to the point of triggering further population increase.

2. Which of the following is accurate according to the Malthusian theory?
 - A. Fertility is determined by the level of technology.
 - B. Fertility is determined by the level of education.
 - C. Fertility is determined by the level of income.
 - D. Fertility is determined by the level of healthcare.

3. Which of the following is more likely to raise labor productivity in the long-run?
 - A. Increase in taxation.
 - B. Technological innovation.
 - C. Market regulation.
 - D. Immigration restrictions.

4. Which of the following is a reason why some less advanced economies experience catch-up growth?
 - A. They have a high level of income inequality.
 - B. They have a high level of natural resource endowment.
 - C. They have a high potential of human capital development.
 - D. They face many geopolitical conflicts.

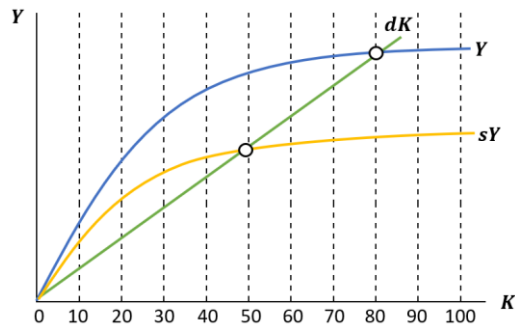


Figure 8.1

5. According to figure 8.1, at which K will the economy's growth rate fall to zero?
 - A. Around 25.
 - B. Around 50.
 - C. Around 75.
 - D. Around 100.

6. According to figure 8.1, if the skills of the labor force improve, which of the following is most likely to happen?
 - A. sY and Y will shift upwards and dK will rotate clockwise.
 - B. sY and Y will shift upwards.
 - C. Only Y will shift upwards.
 - D. dK will rotate clockwise.
 - E. sY and Y will shift downwards and dK will rotate counterclockwise.
 - F. sY and Y will shift downwards.
 - G. Only Y will shift downwards.
 - H. dK will rotate counterclockwise.
 - I. None of the curves will shift or rotate.

7. According to figure 8.1, if K increases, which of the following is most likely to happen?
 - A. sY and Y will shift upwards and dK will rotate clockwise.
 - B. sY and Y will shift upwards.
 - C. Only Y will shift upwards.
 - D. dK will rotate clockwise.
 - E. sY and Y will shift upwards and dK will rotate counterclockwise.
 - F. sY and Y will shift downwards.
 - G. Only Y will shift downwards.
 - H. dK will rotate counterclockwise.
 - I. None of the curves will shift or rotate.

8. According to figure 8.1, which of the following is most likely to cause the economy to reach a steady state at $K = 40$?
 - A. An increase in depreciation rate.
 - B. An increase in savings rate.
 - C. A technological improvement.
 - D. None of the above.

9. According to figure 8.1, which of the following is most likely to cause the economy to reach a steady-state where $K = 100$?
- A. An increase in depreciation rate.
 - B. An increase in savings rate.
 - C. A technological improvement.
 - D. None of the above.
10. Refer to scenario 8.1. In which of the following levels of K is consumption the largest?
- A. At around 40 units.
 - B. At around 50 units.
 - C. At around 60 units.
 - D. At around 70 units.
 - E. At around 80 units.
11. An economy has Y , sY and dK curves that yield a steady-state Y of 90. The economy is currently at $Y = 80$. Which of the following is accurate regarding next year's performance according to the Solow model?
- A. The economy will have $Y = 90$.
 - B. The economy will grow.
 - C. The economy will shrink.
 - D. The economy will stay stagnant.
 - E. The economy may grow or shrink or stay stagnant.
12. Which of the following is most likely to be a result of a firm's investing in its employees' training?
- A. Reduction in firm's profits at present.
 - B. Lower levels of job satisfaction.
 - C. Ease of replacing employees.
 - D. Decreased levels of innovation.
13. Which of the following is LESS likely to stimulate technological change in an economy?
- A. Allowing firms to emit as many pollutants as they need to maximize profits.
 - B. Offering tax incentives for R&D in renewable energy resources.
 - C. Banning internal combust engine vehicles.
 - D. Offering cheap loans to domestic AI companies.
14. Which of the following is more likely to increase S (savings) in an economy?
- A. A high inflation rate.
 - B. Offering tax incentives for borrowing.
 - C. A higher interest rate.
 - D. A higher tax rate on profits from interest.
15. Which of the following is most likely to be an example of the catch-up effect?
- A. USA reaching China's GDP growth rate.
 - B. Canada reaching India's GDP.
 - C. Brazil reaching Germany's GDP per capita.
 - D. Singapore reaching Netherland's capital accumulation.

16. Where does sustained growth come from?
- A. High amount of capital stock and low depreciation rate.
 - B. Technological innovation and human capital development.
 - C. Both A and B.
 - D. None of the above.
17. An economy is currently at steady-state but it keeps growing by 3% per year. Which of the following may explain the growth?
- A. It exhibits sustained growth.
 - B. It exhibits catch-up growth.
 - C. It exhibits inflation.
 - D. It exhibits unemployment.
18. Suppose that an economy's production function exhibits diminishing marginal product. Which of the following is most likely to be the result for the total output, if we add 10 more units of capital?
- A. Y will decrease by 15 units.
 - B. Y will decrease by 10 units.
 - C. Y will decrease by 5 units.
 - D. Y will not change at all.
 - E. Y will increase by 5 units.
 - F. Y will increase by 10 units.
 - G. Y will increase by 15 units.
19. Which of the following factors is most likely to determine the growth rate of an economy?
- A. Corruption levels.
 - B. Degree of religiosity among citizens.
 - C. Number of public holidays.
 - D. The local language.
20. Which of the following is accurate regarding catch-up growth?
- A. It is fueled by technological innovation within the country.
 - B. It is fueled by the development of the country's human capital.
 - C. It is fueled by companies founded by foreigners.
 - D. It is fueled by domestic physical capital.

Good afternoon! Two types of people will claim that they try to help you in life. Those who will lower the bar for you and those who will train you to jump higher. You will love more the first type but the second will change your life.

Kosmas