Homework 8

Due on 19/3/2024, 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 G7-8-9-10'. 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. An economy grows at 9% per year. After how many years will its GDP be 50% higher than its current?

    A. Around 3 years.
    B. Around 5 years.
    C. Around 7 years.
    D. Around 10 years.
    E. Around 20 years.
    F. Around 5,000 years.

2. Which of the following is LESS likely to raise labor productivity in the long-run?

    A. Increase in education and training.
    B. Increase in capital investment.
    C. Replacement of capital with labor.
    D. Improvement in the health system.

3. Which of the following is accurate according to the Malthusian theory?

    A. An increase in production will lower the population.
    B. An increase in production will increase the population.
    C. An increase in production will not affect the population.
    D. An increase in production will decrease GDP per capita.

4. Which of the following could benefit a nation's chances for catch-up growth?

    A. Low levels of foreign investment.
    B. Low level of education.
    C. Political stability.
    D. Strict environmental regulations.
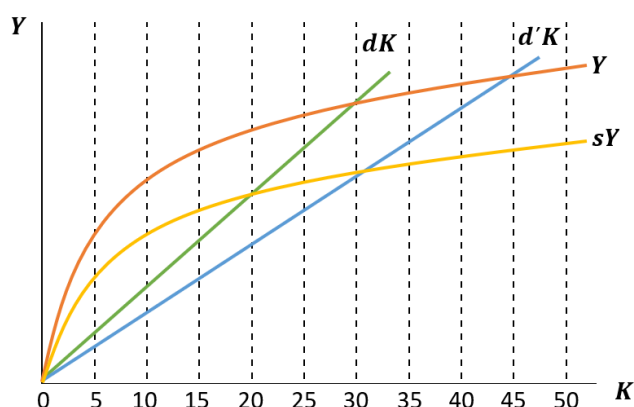
5. According to scenario 8.1, for which levels of K does the economy experience a positive growth rate, before the change in depreciation rate?

    A. For $K < 20$.
    B. For $K < 30$.
    C. For $K < 45$.
    D. For $K > 20$.
    E. For $K > 30$.
    F. For $K > 45$.

6. According to scenario 8.1, which of the following is most likely to have caused the change in d?

    A. The development of new capital that is less durable.
    B. The development of new capital that is more durable.
    C. The development of more new capital.
    D. The development of less new capital.
    E. A natural disaster.

7. According to scenario 8.1, by how much has the steady-state K changed due to the change in depreciation rate?

    A. Around -25 units.
    B. Around -15 units.
    C. Around -10 units.
    D. Around 10 units.
    E. Around 15 units.
    F. Around 25 units.

8. According to scenario 8.1, which of the following could be the growth rate of the economy at $K = 45$ after the change in depreciation rate?

    A. Around -7%.
    B. Around 0%.
    C. Around 4%.
    D. Around 7%.
    E. We have no sufficient information to answer.

9. According to scenario 8.1, which of the following is most likely to offset the change in d, thus leaving the steady state output unchanged?
    A. An increase in savings.
    B. An increase in consumption.
    C. An improvement of technology.
    D. None of the above.

10. Two economies are described by identical Y, sY, dK curves, which yield a steady-state capital of 200. Economy A has $K = 250$ and economy B has $K = 300$. Which of the following is accurate regarding next year's performance?
    A. Both economies will grow but economy A will grow faster.
    B. Both economies will grow but economy B will grow faster.
    C. Both economies will shrink but economy A will shrink faster.
    D. Both economies will shrink but economy B will shrink faster.
    E. Economy A will grow and economy B will shrink.
    F. Economy A will shrink and economy B will grow.

11. Which of the following is generally an opportunity cost of investment in human capital?
    A. Delayed entry in the workforce.
    B. Higher unemployment rates.
    C. Lower levels of entrepreneurship.
    D. Increased social and economic mobility.

12. Which of the following is more likely to shift the Y curve upwards?
    A. Increasing the taxes on income earned by researchers.
    B. Decrease the import tariffs on consumer goods.
    C. Ban of the use of fossil fuels in production.
    D. Incubators and accelerators for start-ups.

13. Which of the following best describes the catch-up effect?
    A. Developing countries growing with the same rate as the developed ones.
    B. Developing countries growing faster than the developed ones.
    C. Developed countries surpassing the growth rates of developing countries.
    D. Developed countries reaching the growth rates of other developed countries.

14. Which of the following best describes sustained growth?
    A. A country's GDP grows at a consistent rate around 2-3% for several years.
    B. A country's GDP grows at a consistent rate around 5-9% for several years.
    C. A country's GDP grows around 5-7% for one year and then grows around 3-5% the years after.
    D. A country's GDP grows around 3-5% for one year and then grows around 5-7% the years after.

15. An economy's production function exhibits diminishing marginal product. Which of the following could happen to Y, if we remove 10 units of labor?
    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 be affected.
    E. Y will increase by 5 units.
    F. Y will increase by 10 units.
    G. Y will increase by 15 units.

16. Which of the following factors determines the growth rate of an economy?
    A. Investor's confidence.
    B. Consumer's confidence.
    C. Both A and B.
    D. None of the above.

17. Which of the following is likely to raise labor productivity in the short-run?
    A. Investment in education.
    B. Investment in R&D.
    C. Both A and B.
    D. None of the above.

18. Which of the following is most likely to hinder a nation's prosperity?
    A. Competitive behavior in the nation's markets.
    B. A tax on foreign investment.
    C. Freedom of the press.
    D. An enforced ban on child labor.

19. Which of the following could be a reason for low prosperity in an economy with relatively high GDP per capita?
    A. Income inequality.
    B. High volume of underground transactions.
    C. Both of the above.
    D. None of the above.

20. How can corruption slow down an economy?
    A. It discourages foreign investment.
    B. It discourages local investment.
    C. It discourages the development of local human capital.
    D. All of the above.

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*