

Homework 8

Due on 25/3/2025, 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 G13-14-15-16'. 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** or else 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 could stimulate technological change in an economy?
 - A. Tax incentives to innovative local companies.
 - B. Announcing a future ban of internal combustion engine vehicles.
 - C. Funding engineering programs by local universities.
 - D. All of the above.
2. Which of the following is accurate according to the Malthusian theory?
 - A. Population growth will eventually increase living standards to the point of triggering a population decline.
 - B. Population growth will eventually increase living standards to the point of triggering further population increase.
 - C. Population growth will eventually reduce living standards to the point of triggering further population increase.
 - D. Population growth will eventually reduce living standards to the point of triggering a population decline.
3. Which of the following is likely to worsen labor productivity?
 - A. An increase in capital stock.
 - B. Technological improvement.
 - C. Improvement in education.
 - D. Increase in working hours per week.
4. Which of the following increases a country's chances for catch-up growth?
 - A. Strict environmental regulations.
 - B. An upper limit to the amount of foreign investment allowed in the country.
 - C. Underemployment of workers.
 - D. All of the above.
5. Which of the following is most likely to decrease d ?
 - A. A new technology that makes steel corrosion resistant.
 - B. A new technology that boosts the octane level in petrol.
 - C. The invention of a new type of battery.
 - D. A natural disaster.

6. A country's actual GDP is 65 and its steady-state GDP is 100. Which of the following should you expect for next year according to the Solow model?
- A. Actual GDP will grow more than last year.
 - B. Actual GDP will grow as much as last year.
 - C. Actual GDP will grow less than last year.
 - D. We do not have enough information to conclude any of the above.
7. Which of the following is most likely a case where current GDP exceeds the steady-state GDP?
- A. A country right after a devastating natural disaster.
 - B. A country right at the beginning of a long economic depression.
 - C. A country during a rapid economic expansion.
 - D. A country with a stable and robust economy.
8. In the Solow model, which curve(s) will shift if productivity of labor improves?
- A. sY .
 - B. dK .
 - C. sY and dK .
 - D. None of the above.
9. Two economies are described by identical Y , sY and dK curves, which yield a steady-state of 100. Economy A has $Y = 92$ and economy B has $Y = 83$. Which of the following is true?
- A. Next year, A will grow faster than B.
 - B. Next year, A will grow slower than B.
 - C. Next year, A and B will grow at the same positive rate.
 - D. Next year, A and B will not grow at all.
10. Which of the following statements resembles diminishing marginal product?
- A. Output decreases up to some level of labor but then it increases.
 - B. Output increases up to some level of labor but then it decreases.
 - C. Output increases up to some level of labor and then it increases more.
 - D. Output increases up to some level of labor and then increases less.

Good afternoon! Two types of people will claim they want 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 the first type more, but the second will change your life.

Kosmas