

Homework 8

Due on 24/3/2026, 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 G10-11-12-13-14-15'. 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 factors affect(s) the growth rate of an economy?
 - A. Investor's confidence.
 - B. Consumer's confidence.
 - C. Both A and B.
 - D. None of the above.
2. Which of the following best describes the *catch-up* effect?
 - A. A developed economy approaching the growth rate of a developing economy.
 - B. A developed economy approaching the growth rate of another richer developed economy.
 - C. A developing economy approaching the GDP per capita of a developed economy.
 - D. A developed economy approaching the GDP per capita of a developing economy.
3. Which of the following is likely to decrease a country's aggregate saving?
 - A. An increase in the interest rate.
 - B. The expectation that income tax will increase in the future.
 - C. A fear that a recession may occur soon.
 - D. None of the above.
4. Which of the following could decrease the effect of *diminishing marginal product* on capital?
 - A. Technological improvement.
 - B. Economies of scale.
 - C. Depreciation.
 - D. Excess saving.
5. In the Solow model, which of the following curves will shift if workers become more productive?
 - A. sY .
 - B. dK .
 - C. sY and dK .
 - D. None of the above.

6. According to the Solow model, which of the following is most likely to increase a country's steady-state output?
- A. An increase in K .
 - B. An increase in L .
 - C. An increase in d .
 - D. It is not possible for an economy to increase its steady-state output.
7. An economy is currently at Solow's steady-state, yet it keeps growing by 2.5% per year. Which of the following applies?
- A. The economy exhibits sustained growth.
 - B. The economy exhibits catch-up growth.
 - C. The economy exhibits unemployment.
 - D. The economy exhibits the lipstick effect.
8. Which of the following is most likely to decrease d ?
- A. An innovation that makes steel corrosion resistant.
 - B. An innovation that boosts the octane level in petrol.
 - C. The invention of a more efficient type of battery.
 - D. All of the above.
9. Two economies are described by identical Y, sY, dK curves, which yield a steady-state output of 80. Economy A's output is currently 62 and Economy B's is 75. Which of the following is true?
- A. Next year, Economy A will grow faster than Economy B.
 - B. Next year, Economy B will grow faster than Economy A.
 - C. Next year, Economy A and B will grow at the same pace.
 - D. Next year, Economy A and B will not grow at all.
10. Which of the following may increase a country's potential to exhibit catch-up growth?
- A. Stricter environmental regulations.
 - B. A tax on foreign investment.
 - C. Underutilization of the workforce.
 - D. All of the above.

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