

# Quiz 12: Price Theory for Agribusiness

- ▶ In Friedman & Friedman's introduction they note that "... government's responsibility for the depression was not recognized – either then or now." They suggest that
  - a. Emphasis on the responsibility of the individual for his own fate was replaced by emphasis on the individual as a pawn buffeted by forces beyond his control.
  - b. Following the suggestion of leading intellectuals, the economy should have been managed by a panel of experts.
  - c. The government was responsible for the great depression because they did not act fast or large enough.
  - d. Non of the above.
- ▶ In chapter 1 of Friedman & Friedman "The key insight of Adam Smith's *Wealth of Nations* is misleadingly simple: if an exchange between two parties is voluntary, it will not take place unless both believe they will benefit from it."
  - a. They contend, however, that society has a vested interest in this exchange taking place at the correct price and may choose to correct it.
  - b. They contend that such an interaction may be flawed because of differences in power between the buyer and seller – hence, regulation is required.
  - c. They contend that most economic fallacies derive from neglect of this simple fact.
  - d. None of the above.