

- 單選題, 共 25 題, 每題 4 分。
  - 請依題號順序於「選擇題作答區」內作答。
1. Which famous economist developed the principle of comparative advantage as we know it today?
    - (a) Milton Friedman
    - (b) Adam Smith
    - (c) David Ricardo
    - (d) John Maynard Keynes
  2. Suppose that the market of apples is described by the following supply and demand curves:  $P = \frac{1}{2}Q^S$ ,  $P = 300 - Q^D$ . In order to increase farmers' income, the government decides to purchase 30 units of apples. What will the equilibrium price be?
    - (a) \$90 (b) \$100 (c) \$110 (d) \$120
  3. Continue from question 2. Instead of purchasing apples directly, the government decides to subsidize consumers \$60 dollars per unit of apple purchased. What will the equilibrium price be?
    - (a) \$90 (b) \$100 (c) \$110 (d) \$120
  4. Raisin bran and milk are complementary goods. A decrease in the price of raisins will
    - (a) decrease consumer surplus in the market for raisin bran and increase producer surplus in the market for milk.
    - (b) decrease consumer surplus in the market for raisin bran and decrease producer surplus in the market for milk.
    - (c) increase consumer surplus in the market for raisin bran and decrease producer surplus in the market for milk.
    - (d) increase consumer surplus in the market for raisin bran and increase producer surplus in the market for milk.
  5. Suppose France imposes a tariff on wine of 3 euros per bottle. If government revenue from the tariff amounts to 30 million euros per year and if the quantity of wine supplied by French wine producers, with the tariff, is 8 million bottles per year, then we can conclude that
    - (a) the tariff causes French buyers of wine to pay 2 euros more per bottle than they would pay without the tariff.
    - (b) the quantity of wine demanded by France, with the tariff, is 18 million bottles per year.
    - (c) the quantity of wine demanded by France, without the tariff, would be 24 million bottles per year.
    - (d) the amount of the deadweight loss is 24 million euros per year.
  6. Two firms, A and B, each currently emit 100 tons of chemicals into the air. The government has decided to reduce the pollution and from now on will require a pollution permit for each ton of pollution emitted into the air. The government gives each firm 40 pollution permits, which it can either use or sell to the other firm. It costs Firm A \$200 for each ton of pollution that it eliminates before it is emitted into the air, and it costs Firm B \$100 for each ton of pollution that it eliminates before it is emitted into the air. After the two firms buy or sell pollution permits from each other, we would expect that Firm A will emit
    - (a) 50 fewer tons of pollution into the air, and Firm B will emit 50 fewer tons of pollution into the air.
    - (b) 20 more tons of pollution into the air, and Firm B will emit 100 fewer tons of pollution into the air.
    - (c) 20 fewer tons of pollution into the air, and Firm B will emit 100 fewer tons of pollution into the air.
    - (d) 100 fewer tons of pollution into the air, and Firm B will emit 20 fewer tons of pollution into the air.

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7. Charlene sells cotton candy. The cotton candy industry is competitive. Charlene hires a business consultant to analyze her company's financial records. The consultant recommends that Charlene increase her production. The consultant must have concluded that Charlene's
- marginal cost exceeds her marginal revenue.
  - total revenues exceed her total accounting costs.
  - marginal revenue exceeds her total cost.
  - marginal revenue exceeds her marginal cost.
8. On average, electricians who work on dangerous high-voltage power lines earn more per hour than similarly skilled electricians who don't work on dangerous high-voltage power lines. The difference in pay is attributed to
- diminishing marginal returns.
  - a compensating differential.
  - the marginal product of labor.
  - the marginal product of capital.
9. Consider the town of Tritown with only three residents, Edward, Jimmy, and Tony. The three residents are trying to determine how large, in acres, they should build the public park. Table 1 shows each resident's willingness to pay for each acre of the park.

Table 1: Willingness to Pay for the Park

acres	Edward	Jimmy	Tony
1	\$12	\$16	\$28
2	8	12	24
3	4	8	20
4	2	4	16
5	0	1	12
6	0	0	8
7	0	0	4

- Suppose the cost to build the park is \$30 per acre. How many acres should the park be to maximize total surplus from the park in Tritown?
- 2 acres
  - 3 acres
  - 4 acres
  - 5 acres
10. Continue from question 9. Suppose the cost to build the park is \$30 per acre and that the residents have agreed to split the cost of building the park equally. If the residents vote to determine the size of park to build, basing their decision solely on their own willingness to pay, what is the largest park size for which the majority of residents would vote "yes?"
- 0 acres
  - 1 acre
  - 2 acres
  - 3 acres
11. A reduction in a monopolist's fixed costs would
- increase the profit-maximizing price and decrease the profit-maximizing quantity produced.
  - decrease the profit-maximizing price and increase the profit-maximizing quantity produced.
  - possibly increase, decrease or not effect profit-maximizing price and quantity, depending on the elasticity of demand.
  - not affect the profit-maximizing price or quantity.
12. Suppose that a rare virus infects and kills a significant percentage of the population. Assuming that land and labor are complements in a farming production function, what would happen to the wages earned by workers and the rents earned by landowners?
- Wages would increase, and rents would decrease.
  - Wages would decrease, and rents would increase.
  - Both wages and rents would increase.
  - Both wages and rents would decrease.
13. Which of these situations produces the largest profits for oligopolists?
- The firms reach a Nash equilibrium.
  - The firms reach the competitive outcome.
  - The firms reach the monopoly outcome.
  - The firms produce a quantity of output that lies between the competitive outcome and the monopoly outcome.

14. If  $Y$  is output,  $K$  is capital,  $u$  is the fraction of the labor force in universities,  $L$  is labor, and  $E$  is the stock of knowledge, and the production  $Y = F(K, (1 - u)EL)$  exhibits constant returns to scale, then output ( $Y$ ) will double if:
- $K$  is doubled.
  - $K$  and  $u$  are doubled.
  - $K$  and  $E$  are doubled.
  - $E$  and  $L$  are doubled.
15. If the real exchange rate between the United States and Taiwan remains unchanged, and the inflation rate in the United States is 6 percent and the inflation rate in Taiwan is 3 percent, according to purchasing power parity (PPP), the:
- NT dollar will appreciate by 3 percent against the US dollar.
  - US dollar will appreciate by 3 percent against the NT dollar.
  - US dollar will appreciate by 9 percent against the NT dollar.
  - NT dollar will appreciate by 9 percent against the US dollar.
16. Market imperfections play a crucial role in \_\_\_\_\_ models and leave open the possibility that stabilization policy is \_\_\_\_\_.
- real business cycle; effective
  - real business cycle; ineffective
  - new Keynesian; effective
  - new Keynesian; ineffective
17. In the Baumol-Tobin theory of the transactions demand for money, the number of trips to the bank will:
- increase as the interest rate decreases.
  - decrease as expenditure increases.
  - increase as wealth increases.
  - increase as the interest rate increases.
18. In general, the most volatile component of real GDP is:
- consumption spending.
  - government spending.
  - current account.
  - investment spending.
19. In a two-period intertemporal model, the income effect of an increase in the interest rate in the first period for a saver is the:
- additional income earned on first-period saving.
  - decrease in the relative price of second-period consumption.
  - decrease in the relative price of first-period consumption.
  - additional income earned on second-period saving.
20. John Taylor's rule for targeting the interest rate proposes increasing the short-run interest rate as inflation \_\_\_\_\_ and as the GDP is \_\_\_\_\_ the potential GDP.
- increases; below
  - increases; above
  - decreases; below
  - decreases; above

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21. The life-cycle model assumes that consumers use saving and borrowing to \_\_\_\_\_ consumption over their life cycle.
- (a) increase
  - (b) decrease
  - (c) smooth
  - (d) vary

22. Assume the first-period budget constraint of the representative agent is

$$b_0(1 + R_0) + p_1 y_1 = p_1 c_1 + b_1,$$

where  $b$  is the one-period bond with a nominal interest rate  $R$ . Variables  $c$ ,  $y$  and  $p$  denote consumption, income and price level, respectively. Subscript denotes time  $t = 0, 1$ . Define the real saving as

$$s_1 = \frac{b_1}{p_1} - \frac{b_0}{p_0}.$$

According to the definition of the real interest rate, the real saving can be represented as a function of the real interest rate and other variables as:

- (a)  $s_1 = \frac{1}{r_0} \frac{b_0}{p_0} + y_1 - c_1$ .
- (b)  $s_1 = r_0 \frac{b_0}{p_0} + y_1 - c_1$ .
- (c)  $s_1 = \frac{b_0}{p_0} + r_0(y_1 - c_1)$ .
- (d)  $s_1 = \frac{b_0}{p_0} + \frac{1}{r_0}(y_1 - c_1)$ .

23. Before 1985, NT dollar exchange rate is fixed at 40 (NT dollar/US dollar). Suppose that the money market equilibrium condition is

$$M^s = p \sqrt{\frac{Y}{R}},$$

where  $M^s$ ,  $p$ ,  $Y$  and  $R$  are money supply, price level, real output and nominal interest rate. Now assume that real interest rate is fixed at 3%, real output growth rate  $\frac{\Delta Y}{Y} = 6\%$ , and the U.S. inflation rate is 2%. Given that the purchasing power parity (PPP) holds, the money supply growth rate  $\frac{\Delta M^s}{M^s}$  is

- (a) 5%.
  - (b) 4%.
  - (c) 3.5%.
  - (d) 2.5%.
24. If the government raises the consumption tax rate, the substitution effect \_\_\_\_\_ work effort, and the income effect \_\_\_\_\_ work effort.
- (a) encourages; discourages
  - (b) discourages; encourages
  - (c) encourages; encourages
  - (d) discourages; discourages
25. What is the sufficient condition for foreign reserve accumulation in Taiwan?
- (a) trade surplus.
  - (b) NT dollar appreciation.
  - (c) currency crisis.
  - (d) central bank's intervention in the foreign exchange market.