

- 請依題號順序於「選擇題作答區」內作答。
 - 單選題, 共 25 題, 每題 4 分。
1. Music compact discs are normal goods. What will happen to the equilibrium price and quantity of music compact discs if musicians accept lower royalties, compact disc players become cheaper, more firms start producing music compact discs, and music lovers experience an increase in income?
 - (a) Price will fall and the effect on quantity is ambiguous.
 - (b) Price will rise and the effect on quantity is ambiguous.
 - (c) Quantity will fall and the effect on price is ambiguous.
 - (d) Quantity will rise and the effect on price is ambiguous.
 2. Which of the following statements is **not** valid when supply is perfectly elastic?
 - (a) The elasticity of supply approaches infinity.
 - (b) The supply curve is horizontal.
 - (c) The time period under consideration is more likely a short period rather than a long period.
 - (d) Very small changes in price lead to large changes in quantity supplied.
 3. Assume there is good quality vegemite that sells for \$2.00 a jar in Australia and poor quality vegemite that sells for \$1.00 a jar in Australia. It costs \$4.00 per jar to ship vegemite to the United States. Based on this, we would expect, compared to Australia,
 - (a) proportionately more poor quality vegemite in the United States.
 - (b) equal amounts of poor and good quality vegemite in the United States.
 - (c) proportionately more good quality vegemite in the United States.
 - (d) no good quality vegemite in the United States.
 4. When an infinite value is placed on human life, policymakers who rely on cost-benefit analysis
 - (a) are forced to pursue any project in which a single human life is saved.
 - (b) are likely to make decisions that optimally allocate society's scarce resources.
 - (c) would not pursue any public project that would not save human life.
 - (d) would be forced to rely on private markets to provide public goods.
 5. On hot summer days, electricity-generating capacity is sometimes stretched to the limit. At these times, electric companies may ask people to voluntarily cut back on their use of electricity. An economist would suggest that
 - (a) every electric customer has an incentive to prevent the system from overloading, so this voluntary approach is the most efficient.
 - (b) it would be more efficient if the electric company raised its rates for electricity at peak times.
 - (c) it would be more efficient to have a lottery to decide who had to cut back their use of electricity at peak times.
 - (d) it would be more efficient to force everyone to cut their usage of electricity by the same amount.
 6. A profit-maximizing firm in a competitive market is able to sell its product for \$7. At its current level of output, the firm's average total cost is \$10. The firm's marginal cost curve crosses its marginal revenue curve at an output level of 9 units. The firm experiences a
 - (a) profit of more than \$27.
 - (b) profit of exactly \$27.
 - (c) loss of more than \$27.
 - (d) loss of exactly \$27.

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7. Suppose when a monopolist produces 75 units its average revenue is \$10 per unit, its marginal revenue is \$5 per unit, its marginal cost is \$6 per unit, and its average total cost is \$5 per unit. What can we conclude about this monopolist?
- The monopolist is currently maximizing profits, and its total profits are \$375.
 - The monopolist is currently maximizing profits, and its total profits are \$300.
 - The monopolist is not currently maximizing profits; it should produce more units and charge a lower price to maximize profits.
 - The monopolist is not currently maximizing profits; it should produce fewer units and charge a higher price to maximize profits.
8. Cecilia's Café operates in a monopolistically competitive market. Cecilia's is currently producing where its average total cost is minimized. In the long run we would expect Cecilia's output to
- decrease and average total cost to increase.
 - decrease and average total cost to decrease.
 - remain unchanged as Cecilia's is doing the best it can.
 - increase and average total costs to decrease.
9. The Black Death that killed about one-third of the population in fourteenth-century Europe resulted in
- a lower marginal product of land.
 - a lower marginal product of labor of surviving workers.
 - economic hardship for surviving peasants.
 - economic prosperity for surviving landowners.
10. Jake and Bill are both college graduates. Jake is a patrolman and Bill is a detective in the same police precinct. While Jake's job is inherently more dangerous than Bill's, Bill passed a difficult exam to gain promotion to detective. Bill earns more than Jake because
- of a compensating differential.
 - of efficiency wages.
 - of education as a signal.
 - Bill has more human capital.
11. Suppose the price of good X falls. As a result, the quantity demanded for good X increases for a particular consumer. For this consumer, the substitution effect induced the consumer to purchase more X while the income effect induced the consumer to purchase less X. We can infer that X is a(n)
- normal good.
 - inferior good.
 - Giffen good.
 - luxury good.
12. When a night watchman only performs two walk-throughs per night when he is being paid to perform five walk-throughs per night, it is an example of
- both moral hazard and adverse selection.
 - neither moral hazard nor adverse selection.
 - moral hazard, but not adverse selection.
 - adverse selection, but not moral hazard.

13. Over the business cycle, investment spending _____ consumption spending.
- (a) is inversely correlated with
 - (b) has about the same volatility as
 - (c) is more volatile than
 - (d) is less volatile than
14. Stagflation refers to:
- (a) a reduction in inflation.
 - (b) a simultaneous reduction in inflation and reduction in unemployment.
 - (c) a liquidity trap.
 - (d) none of the above.
15. The staggering of wage and price decisions suggests that
- (a) people do not possess rational expectations.
 - (b) the economy will adjust slowly to shocks even if people possess rational expectations.
 - (c) the Lucas critique is entirely correct.
 - (d) real business cycle theory is correct.
16. A change in the reserve requirement changes
- (a) the monetary base.
 - (b) the money multiplier.
 - (c) the discount rate.
 - (d) none of the above.
17. Assume that the central bank sets monetary policy according to the Taylor rule. Suppose current macroeconomic conditions are represented by that the inflation is higher than the target level. Given this information, we would expect that the central bank will:
- (a) implement a monetary contraction
 - (b) implement a monetary expansion
 - (c) maintain its current stance of monetary policy
 - (d) more information is need to answer this question
18. An open market purchase of bonds by the central bank will cause which of the following when a liquidity trap situation exists?
- (a) output will increase
 - (b) the interest rate will decrease
 - (c) the interest rate will not change
 - (d) the money supply, M , will not change
19. What is the name of the value of the real resources that the central bank obtains through the creation of base money?
- (a) seigniorage.
 - (b) sterilized intervention.
 - (c) dollarization.
 - (d) target zone.

20. The Economist's Big Mac index is a financial indicator about

- (a) covered interest rate parity.
- (b) uncovered interest rate parity.
- (c) absolute purchasing power parity.
- (d) relative purchasing power parity.

(Questions 21–25) Consider an economy in which people live for two periods, 1 and 2, and are endowed with Y_1 units of goods in period 1 and Y_2 units in period 2. In addition, households are assumed to be endowed with B_0 units of a real bond. In period 1, these bond holdings generate real interest income in the amount of rB_0 , where r denotes the real interest rate on bonds held between periods 0 and 1. At period 1, the household can allocate its income to two alternative uses: purchases of consumption goods, which we denote by C_1 , and purchases of bonds, $B_1 - B_0$, where B_1 denotes bond holdings at the end of period 1. We will assume that households like both C_1 and C_2 and that their preferences can be described by the utility function

$$U(C_1, C_2) = U(C_1) + \beta U(C_2).$$

21. For $t = 1$ or 2, what is the period-by-period budget constraint?

- (a) $C_t + B_t = (1+r)B_{t-1} + Y_t$.
- (b) $C_t + B_t = \frac{B_{t-1}}{(1+r)} + Y_t$.
- (c) $C_t + (B_t - B_{t-1})r = Y_t$.
- (d) $C_t + (B_t - B_{t-1})(1+r) = Y_t$.

22. Assume $B_2 = 0$. What is the intertemporal budget constraint?

- (a) $C_1 + (1+r)C_2 = (1+r)B_0 + Y_1 + (1+r)Y_2$.
- (b) $\frac{C_1}{1+r} + C_2 = rB_0 + \frac{Y_1}{1+r} + Y_2$.
- (c) $C_1 + \frac{C_2}{1+r} = rB_0 + Y_1 + \frac{Y_2}{1+r}$.
- (d) $C_1 + \frac{C_2}{1+r} = (1+r)B_0 + Y_1 + \frac{Y_2}{1+r}$.

23. Assume $B_2 = 0$. What is the first order condition for the household's optimization problem?

- (a) $U'(C_2) = \beta(1+r)U'(C_1)$.
- (b) $U'(C_1) = \beta(1+r)U'(C_2)$.
- (c) $\beta U'(C_2) = (1+r)U'(C_1)$.
- (d) $\beta U'(C_1) = (1+r)U'(C_2)$.

24. Now suppose that r raises. Then the optimal C_1 will _____, and the optimal C_2 will _____.

- (a) increases; increases.
- (b) increases; decreases.
- (c) decreases; increases.
- (d) decreases; decreases.

25. Now assume that $U(C) = \ln C$. Suppose that B_0 raises. Then the optimal C_1 will _____, and the optimal C_2 will _____.

- (a) increases; increases.
- (b) increases; decreases.
- (c) decreases; increases.
- (d) decreases; decreases.