

※ 注意：選擇題請於試卷之「選擇題作答區」依序作答。

Macroeconomics

I. Multiple Choice Questions (3 points each)

1. If a war destroys a large portion of a country's capital stock but the saving rate is unchanged, the Solow model predicts output will grow and that the new steady state will approach:
 - A. a high output level than before.
 - B. the same output level as before.
 - C. a lower output level than before.
 - D. the Golden Rule output level.
2. The Fisher effect, assumes that the:
 - A. money supply is constant.
 - B. velocity is constant.
 - C. inflation rate is constant.
 - D. real interest rate is constant.
3. "inflation tax" means that:
 - A. as the price level rises, taxpayers are pushed into higher tax brackets.
 - B. as the price level rises, the real value of money held by the public decreases.
 - C. as taxes increase, the rate of inflation also increases.
 - D. in a hyperinflation, the chief source of tax revenue is often the printing of money.
4. All of the following are reasons for frictional unemployment except:
 - A. workers have different preferences and abilities.
 - B. unemployed workers accept the first job offer that they receive.
 - C. the flow of information is imperfect.
 - D. geographic mobility takes time.
5. In a small open economy, starting from a position of balanced trade, if the government increases domestic government purchases, this produces a tendency toward a trade _____ and _____ net foreign investment.
 - A. deficit; negative
 - B. surplus; positive
 - C. deficit; positive
 - D. surplus; negative

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6. The currency-deposit ratio is determined by:
- A. the central bank.
 - B. business policies of banks.
 - C. preferences of households about the form of money they wish to hold.
 - D. the government deposit insurance agency.
7. An appreciation of the real exchange rate in a small open economy could be the result of:
- A. an increase in government spending.
 - B. an increase in taxes.
 - C. a decrease in the world interest rate.
 - D. the expiration of an investment tax-credit provision.
8. According to the theory of Ricardian equivalence, if consumers are forward-looking, they will view a tax cut that has no plans to reduce government spending as _____, so their consumption will _____.
- A. additional disposable income; increase.
 - B. additional disposable income; remain unchanged.
 - C. a rescheduling of taxes into the future; increase.
 - D. a rescheduling of taxes into the future; remain unchanged.
9. According to the traditional viewpoint, a tax cut without a cut in government spending:
- A. raises consumption in both the short run and the long run.
 - B. lowers consumption in both the short run and the long run.
 - C. raises consumption in the short run but lowers it in the long run.
 - D. lowers consumption in the short run but raises it in the long run.
10. The time-inconsistency problem in discretionary policymaking about unemployment and inflation can be effectively avoided when the:
- A. policymaker has and is known to have an extremely strong preference for very low inflation.
 - B. policymaker does not care about the rate of inflation and simply sets policy to avoid unemployment.
 - C. private agents in the economy are not "rational."
 - D. policymaker has more information than do the private agents in the economy.

Microeconomics

II. 單選題 (每題 2.5 分)

11. The production-possibility curve is bowed out from the origin because
- (A) the economy is not producing efficiently.
 - (B) there are gains to the economy in specializing in the production of a single good.
 - (C) the resources are scarce.
 - (D) the economy is better at producing one good than another.
 - (E) the law of increasing cost holds.
12. Which of the following is most likely to be studied by a micro-economist?
- (A) Inflation of the general price level.
 - (B) Unemployment in the economy.
 - (C) The growth rate of aggregate output.
 - (D) The impact of the total level of government spending on the economy.
 - (E) Employment of labor in an automobile factory.
13. Which of the following reflects normative economics?
- (A) The economy is growing.
 - (B) The unemployment rate is down.
 - (C) Increasing the money supply will lead to higher prices.
 - (D) The economy would be better off with less inflation.
 - (E) Interest rates are higher than last year.
14. The relative price of houses in terms of hours of labor will surely increase if
- (A) the money price of houses rises.
 - (B) the money price of labor rises.
 - (C) the money price of both houses and labor rises.
 - (D) the money price of labor falls.
 - (E) the money price of houses rises and that of labor falls.
15. The "invisible hand" refers to
- (A) unseen government control of the economy.
 - (B) the power of large corporations.
 - (C) a 1950's horror film.
 - (D) the unseen coordination of market economies by the price system.
 - (E) intangible goods produced in the economy.

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16. A shift in the demand for a product is likely to result from
- (A) a change in the product's price.
 - (B) a change in the price of other products which could be produced using similar resources.
 - (C) a change in expectations.
 - (D) a change in prices of resources used to produce it.
 - (E) a change in production technology.
17. If a good is an inferior good, then an increase in incomes with everything else held constant will
- (A) increase demand for the good.
 - (B) increase supply of the good.
 - (C) leave demand and supply unchanged.
 - (D) reduce the equilibrium price of the good.
 - (E) have an unpredictable effect on the market.
18. Which of the following taxes is based on ability to pay?
- (A) The federal income tax.
 - (B) Excise taxes on gasoline.
 - (C) Import duties.
 - (D) User fees at national parks.
 - (E) A general sales tax.
19. The amount of change in quantity demanded that will result from a given change in price due to a shift in supply is determined by
- (A) how far to the left the demand curve lies.
 - (B) the price elasticity of demand.
 - (C) the price elasticity of supply.
 - (D) the income elasticity of demand.
 - (E) the cross-price elasticity of demand.
20. The advantages of using indifference curves rather than marginal utilities is
- (A) we don't need to attach 'util' values to consumption.
 - (B) consumer can attain higher utility.
 - (C) we can determine how much of one good the consumer is willing to sacrifice in order to consume more unit of another.
 - (D) it takes into account how much income the household has.
 - (E) demand is more sensitive to price changes.

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Questions 21 through 23 refer to the *Catt* family whose utility is described in Table 1

Table 1

Gallons of Milk	Utility from Milk	Number of Fish	Utility from Fish
1	10	1	25
2	16	2	40
3	20	3	46
4	22	4	48
5	23	5	49

21. The marginal utility of the second gallon of milk to the *Catt* family in Table 1 is
- (A) 10.
 - (B) 6.
 - (C) 16.
 - (D) 26.
 - (E) Impossible to determine from Table 1.
22. If fish costs \$3 each and milk costs \$2 per gallon, and if the *Catt* family in Table 1 has an income of \$8 to spend on milk and fish, then it maximizes its utility by consuming
- (A) 2 gallons of milk and 1 fish.
 - (B) 2 fish and 1 gallon of milk.
 - (C) 1 fish and 1 gallon of milk.
 - (D) no fish and 4 gallons of milk.
 - (E) an amount that cannot be determined from Table 1.
23. If fish and milk cost \$3 and \$2 respectively and the income of the *Catt* family in Table 1 increases to \$15, then it should consume
- (A) 1 fish and 6 gallons of milk.
 - (B) 5 fish and no milk.
 - (C) 2 fish and 4 gallons of milk.
 - (D) 3 fish and 3 gallons of milk.
 - (E) an amount that cannot be determined from Table 1.

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24. A moral-hazard problem occurs between parties to a contract when
- (A) no contract can be written.
 - (B) one party refuses to negotiate terms of the contract.
 - (C) a contract is ruled illegal by the courts.
 - (D) one party intentionally withholds information from the other at the time the contract is written.
 - (E) the behavior of one party after the contract is signed cannot be effectively monitored by the other.
25. When marginal cost is decreasing,
- (A) average cost is below marginal cost.
 - (B) diminishing returns are occurring.
 - (C) marginal physical product is increasing.
 - (D) total cost is falling.
 - (E) average cost is flat.
26. Which of the following statements is false?
- (A) Imperfect competition exists if each buyer faces an upward-sloping supply curve.
 - (B) When there are many sellers of a somewhat differentiated product with freedom of entry, then the market is characterized by monopolistic competition.
 - (C) The industry demand curve is horizontal in a perfectly competitive market.
 - (D) The marginal revenue of a perfectly competitive firm is equal to the price of its product.
 - (E) The steel industry is probably an example of an industry characterized by oligopoly.
27. In a pure monopoly, the firm can make a long-run profit because
- (A) monopoly firms are more efficient than competitive ones.
 - (B) barriers prevent new firms from entering the market.
 - (C) a monopolist can buy inputs more cheaply.
 - (D) it will operate at minimum average cost.
 - (E) its demand curve is highly elastic.

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28. The kinked-demand model of oligopoly results when
- (A) the firm is price leader.
 - (B) other firms follow price increases but not decreases.
 - (C) other firms follow price decreases but not increases.
 - (D) firms collude to maximize profits.
 - (E) other firms do not follow price changes.
29. If income is evenly distributed, the Lorenz curve is
- (A) horizontal.
 - (B) a 45 degree line.
 - (C) vertical.
 - (D) down-ward sloping.
 - (E) U shaped.
30. According to the Coase theorem, externalities
- (A) must usually be resolved by government taxes and subsidies.
 - (B) can be internalized by voluntary agreements among the parties involved once property rights are defined.
 - (C) can never be internalized if property rights are clearly defined.
 - (D) do not cause economic inefficiency.
 - (E) result when firms fail to maximize profits.

III. Short Answer Questions (10 points each)

1. The housing industry frequently complains that monetary policy affects their industry more than other industries. Use the model of residential investment to illustrate graphically the impact of restrictive monetary policy on housing prices and the quantity of residential investment.
2. Use the aggregate demand – aggregate supply model to illustrate graphically the impact in the short run and the long run of a central bank decision to increase open-market purchases. Also state in words what happens to prices and output in the short run and the long run.