

一、(20 points) Suppose you read the following information in the newspaper:

“TOKYO — The Bank of Japan said on Thursday that it would expand asset buying and lending and hinted at a review of its target of 1 percent inflation in the face of pressure from the incoming prime minister, Shinzo Abe, who wants bolder action against deflation. The central bank said it would discuss the target at its next meeting, in January, after Mr. Abe takes office. The bank also increased its asset purchase and lending program by 10 trillion yen (\$119 billion) to 101 trillion yen, a widely expected move that is expected to pump more money into the Japanese economy.”
The New York Times (Dec. 20, 2012)

Use the ISLM/AS-AD model to analyze the effects of “pumping more money into the Japanese economy” in the short run and long run. (Make the usual ISLM assumptions here: that investment is a function of the interest rate alone, consumption is a function of disposable income alone, money demand is a function of both the interest rate and income. Assume a completely horizontal SRAS curve.)

Part I : (10 points) What happens to the following variables in the short run:

1. output: (a) rise (b) fall (c) no change (d) ambiguous
2. interest rate: (a) rise (b) fall (c) no change (d) ambiguous
3. investment: (a) rise (b) fall (c) no change (d) ambiguous
4. price level: (a) rise (b) fall (c) no change (d) ambiguous
5. real money demand: (a) rise (b) fall (c) no change (d) ambiguous

Part II : (10 points) What happens to the following variables in the long run?

6. output: (a) initial equilibrium value (b) higher (c) lower
7. interest rate: (a) initial equilibrium value (b) higher (c) lower
8. investment: (a) initial equilibrium value (b) higher (c) lower
9. price level: (a) initial equilibrium value (b) higher (c) lower
10. real money supply: (a) initial equilibrium value (b) higher (c) lower

二、(30 points) Assume the following three conditions hold: uncovered interest rate parity (no risk premium), covered interest rate parity, and relative purchasing power parity. Suppose the absolute version of purchasing power parity does not hold.

And imagine you read the following information in the newspaper:

- The current nominal interest rate for a 1-year yen deposit in a Japanese bank is 1% (0.01), and it is 2% (0.02) for a NTD deposit in a Taiwanese bank.
- The current spot exchange rate between the Japanese yen and NTD (yen/ntd) is 100.

For each of the following, compute a value using the information above, or state if there is not

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enough information given above to do this. Show your work in each case and name which of the three parity condition or conditions listed above you are using.

- (一) (5 points) The expected exchange rate (yen/ntd) for one year from now.
- (二) (5 points) The forward exchange rate for one year from now.
- (三) (5 points) Inflation differential over the next year (inflation rate in Japan minus that in Taiwan).
- (四) (15 points) Suppose now that absolute and relative PPP both fail. Let us define the real exchange rate as $Q_{\text{Japan/Taiwan}} = E_{\text{yen/ntd}} * P_{\text{Taiwan}} / P_{\text{Japan}}$ (where the real exchange rate is in units of how many Japanese goods baskets it takes to equal one Taiwanese goods basket). Using this definition, derive an equation that shows how the real interest rate in Japan relates to the real interest rate in Taiwan, where we do not assume that the real exchange rate is constant or equal to 1.

三、簡答題：以下四題，每題各五分

請就下列各題的陳述是否正確，先回答「是」、「非」或「不一定」，再依經濟學原理說明你據以判斷的理由。若未先回答「是」、「非」或「不一定」，或未附說明，概不予計分。

- (一) 若所得效果為正，則需求曲線一定是負斜率。
- (二) 雇主在招募員工時，若歧視女性應徵者，就不是理性行為。
- (三) 若政府立法要求企業降低職災率，則對所有勞工都有利。
- (四) 供給曲線斜率越小，經濟租越大。

四、申論題：以下二題，每題各十五分

- (一) 何謂「寇斯定理」？該定理主張環境污染問題應如何解決？
- (二) 試分析若外勞薪資與基本工資脫勾，對本國勞工薪資與就業的影響，以及對企業投資的影響。

試題隨卷繳回