

※注意：請於試卷內之「選擇題作答區」依序作答。

單選題(每題 2 分，共 50 題，合計 100 分)

1. Which one is closely related to “moral hazard?”
(A) a motorcycle rider forgot to pay his third party liability insurance.
(B) ECB refuses to bailout Greece.
(C) a guy goes to the hospital for ten times per month.
(D) none of the above.
2. About the “sub-prime loans?”
(A) use the same house to make another loan.
(B) a mortgage behavior.
(C) loans to people having low credit scores.
(D) none of the above.
3. About the “AIIB?”
(A) an investment bank as Goldman Sachs.
(B) a development fund as the World Bank.
(C) a commercial bank as HSBC.
(D) none of the above.
4. Which one is correct about the minimum wage?
(A) positive to labor supply.
(B) NTD 20000 per month in Taiwan.
(C) NTD 115 per hour in Taiwan.
(D) none of the above.
5. In 2014 why 7 Nobel Prize winners of Economics propose to increase the minimum wage to 10.1 USD?
(A) to boost economic growth.
(B) to improve employment.
(C) to eliminate inequality.
(D) none of the above.
6. Endogeneity means
(A) if A then B.
(B) if B then A.
(C) if A then B and vice versa.
(D) none of the above.
7. Which one is the case of comparative advantage?
(A) the U.S. produces wheat and corn because of its capital-intensive.
(B) a billionaire criminal lawyer prepares for his own will.

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- (C) Ichiro Suzuki to be a pitcher.
(D) none of the above.
8. Which one will NOT make a demand curve shift to the right?
(A) expectation for the future price decreases.
(B) prices of the substitute goods increase.
(C) income increases.
(D) none of the above.
9. Marshall-Lerner condition means
(A) export demand elasticity is smaller than one.
(B) import demand elasticity is larger than one.
(C) depreciation will cause a balance of trade improvement.
(D) none of the above.
10. When the price of X increases from 3 to 4, the quantity decreases from 6 to 4. The elasticity of demand is
(A) 1.2
(B) 1.4
(C) 1.6
(D) 1.8
11. Which one is true?
(A) tax policies are still necessary in spite of deadweight loss.
(B) Pigouvian tax is useless to negative externality.
(C) Coase theorem proves efficiency is still feasible under high transaction cost
(D) none of the above.
12. Which one is true?
(A) rent-seeking means corruption.
(B) economic profit=accounting profit-explicit costs
(C) empirics confirm a negative relationship between economic growth and corruption.
(D) none of the above.
13. About monopoly part 1
(A) $P=MC$.
(B) economic profit is possible when price is larger than average total cost.
(C) "invisible hand" still works.
(D) none of the above.
14. About monopoly part 2
(A) In theory no deadweight loss if the demand curve is horizontal.
(B) decreasing in long-run average cost is a necessary condition of natural monopoly.
(C) monopoly promises non-zero profit in the long-run.

(D) none of the above.

15. Assume a second-hand car market as follows. Which one is NOT correct?

	good car	bad car
buyer's bid	\$30K	\$20K
seller's bid	\$25K	\$10K
quantity	100	200
buyers are infinite		

- (A) bad cars make deals when information available for the sellers only.
 (B) good car make deals when information available for the sellers only.
 (C) bad cars make deals when information unavailable for both sellers and buyers.
 (D) none of the above.

16. Which one is NOT correct about efficient wage theory ?

- (A) a one-to-one relationship between wage and working efficiency.
 (B) involuntary unemployment is normal.
 (C) enterprises are willing to pay higher wages than the labor market equilibrium.
 (D) none of the above.

17. Which one is true about pure public goods?

- (A) rival
 (B) exclusive
 (C) totally different from the collective goods
 (D) can be provided by private companies.

18. Assume X is a public good. A's demand curve is $P=6-0.5X$ and B's is $P=12-X$, respectively. The demand curve of X should be

- (A) $P=16-1.2X$.
 (B) $P=14-1.2X$
 (C) $P=12-1.5X$
 (D) $P=18-1.5X$

19. About regressive tax

- (A) everybody pays the same amount.
 (B) tax over income increases when his salary increases.
 (C) tax over income increases when his salary decreases.
 (D) tax over income does not change when salary decreases.

20. Mr. Donald J. Trump proposes to impose an import tax on Chinese goods. If so, which one will NOT be true ?

- (A) The U.S. must have deadweight loss of taxation.
 (B) decreases in the U.S. consumer surplus.
 (C) decreases in the U.S. producer surplus.
 (D) decreases in the U.S. consumption.

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21. About market failure
- (A) caused by lower social marginal cost.
 - (B) social optimal quantity is determined by market demand and private marginal cost.
 - (C) compulsory education has external benefit.
 - (D) compulsory education must be provided by the government.
22. Now in Taiwan ROC the security transaction tax is a
- (A) indirect tax.
 - (B) direct tax.
 - (C) social welfare contribution.
 - (D) lump-sum tax.
23. Which one is true about taxation ?
- (A) gasoline's elasticity of demand is low, so the tax rate should be higher if the purpose of the government is to increase tax revenue.
 - (B) gasoline's elasticity of demand is low, so the tax rate can be higher if the purpose of the government is to eliminate global warming.
 - (C) a land tax will cause huge deadweight loss.
 - (D) In theory a land tax is helpless to government's tax revenue.
24. Which one is true about production ?
- (A) protecting patent definitely weakens market competition.
 - (B) diseconomies of scale mean the long-run average cost decreases when production quantity increases.
 - (C) In economics "long-run" means the period of time from deficit to surplus.
 - (D) None of the above.
25. Which one could be a reason for the low-tuition policy of Taiwan's higher education ?
- (A) a part of compulsory education.
 - (B) positive externalities for the country.
 - (C) a subsidy to eliminate inequality.
 - (D) a privilege for those who pass the entrance exam.
26. Many of the statistics used in macroeconomics are:
- (A) broad indications of economic performance, such as total employment or the average of all market prices.
 - (B) detailed statistics on output, such as the output of shoes.
 - (C) close-up pictures of individual markets.
 - (D) statistics on the price of individual commodities, such as wheat or corn.
27. According to the monetarists, the sharp drop in the money supply in the early 1930s was:
- (A) Necessary because of reduced demand for money.
 - (B) a major cause of the depression.
 - (C) caused by the lower level of real national income.

(D) less important than the behavior of interest rates.

28. If, in 1986, the consumer price index (CPI) was 93 (1980=100), we can conclude that:

- (A) the real value of money decrease in 1986.
- (B) overall prices rose from 1980 to 1986.
- (C) on average, prices were about seven percent lower in 1986 than in 1980.
- (D) the unemployment rate for the economy declined.

29. GDP in constant dollars refers to:

- (A) the money value of all final goods and services produced in an economy per year including a fixed rate of return to all owners of factors of production.
- (B) the value of all final goods and services produced in an economy per year in current prices.
- (C) domestic GNP plus net exports, at current prices.
- (D) the value of all final goods and services produced in an economy per year deflated for price changes.

30. According to the Keynesian belief, an increase in GDP can cause an increase in the money supply if:

- (A) the Federal Reserve prevents interest rates from rising.
- (B) the Federal Reserve tries to stabilize interest rates.
- (C) the Federal Reserve sells bonds.
- (D) the reserve of member banks fall.

31. The unemployment rate is found by:

- (A) dividing the number of people not working by the number of working individuals, and multiplying by 100.
- (B) dividing the number of people not working by the number of individuals working and not working, and multiplying by 100.
- (C) dividing the number of people not working but looking for work by the sum of individuals working and those looking for work, and multiplying by 100.
- (D) dividing the number of people not working by the number in the labor force, and multiplying by 100.

32. Which of the following should not be added in a calculation of the final goods and services sold in an economy?

- (A) the purchase of a lawnmower by a household.
- (B) General Motors' purchases of tires for new automobiles.
- (C) Ford Motor Company's purchase of a new machine to be used in the production process.
- (D) the purchase of food by a household.

33. All of the following are examples of government transfer payments except:

- (A) a veteran's pension.
- (B) a congressman's salary.
- (C) a social security benefit payment.
- (D) Unemployment compensation.

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34. U.S. statistics exclude from GDP almost all goods not exchanged in markets because:
- (A) satisfactory methods of measurement have not been developed.
 - (B) these goods do not contribute to welfare.
 - (C) their production has a zero opportunity cost.
 - (D) these goods do not provide a good measure of the quality of life in the country.
35. According to the theory of the multiplier:
- (A) investment will decrease as national income increases.
 - (B) any increase in expenditure that shifts the aggregated demand schedule will result in an increase in national income that is greater than the initial increase in expenditure.
 - (C) if income increases, tax rates will rise.
 - (D) any initial increase in expenditure will cause the aggregate supply to shift up to meet the higher level of aggregate demand.
36. At the break-even level of income the:
- (A) marginal propensity to consume equals zero.
 - (B) marginal propensity to save equals zero.
 - (C) average propensity to consume equals one.
 - (D) average propensity to save is greater than zero but less than one.
37. Which of the following statements is false?
- (A) The marginal propensity to consume refers to the additional consumption that occurs out of an additional dollar of income.
 - (B) If the average propensity to save equals zero, we know that the average propensity to consume equals 1.
 - (C) At the level of real disposable income where the saving function cuts the horizontal axis, the consumption function intersects the 45-degree line.
 - (D) If the economy is operating where the desired aggregate expenditure function intersects the 45-degree line, then actual real national income equals potential real national income.
38. An economy will be experiencing a period of “stagflation” when:
- (A) prices are rising faster than employment.
 - (B) the economy is operating below the full-employment level.
 - (C) prices are rising while real output is falling.
 - (D) the aggregate supply curve is vertical.
39. Once full-employment income is reached on an aggregate supply curve with a 90-degree kink, further increases in aggregate demand will increase:
- (A) real output and prices.
 - (B) employment.
 - (C) prices only.
 - (D) productivity.

40. A policy implication of the Phillips curve is that:
- (A) maintaining the highest possible level of employment and controlling inflation are not conflicting objectives.
 - (B) monetary policy is most effective in reducing the level of unemployment.
 - (C) full employment is not possible.
 - (D) there may be conflicts between the attainment of high levels of employment and the control of inflation.
41. All of the following statements are correct except:
- (A) all supply-side economists are strong advocates of federal spending and taxing as a way to insure that the economy grows.
 - (B) the supply-side approach to macroeconomic growth and stability is that taxes should be lowered on both personal and business income in order to increase aggregate real output.
 - (C) supply-side economists argue that lower tax rates will cause prices to fall and real output to increase, other things constant.
 - (D) supply-side economists believe that aggregate employment can be increased if marginal tax rates are reduced.
42. A political business cycle would be likely to result from government policy which seek to:
- (A) eliminate unemployment.
 - (B) reduce inflation.
 - (C) reduce inflation before an election and eliminate unemployment after the election.
 - (D) eliminate unemployment before an election and reduce inflation after the election.
43. During the late 1970s and early 1980s, some savings and loan institutions got into trouble because their portfolio contained mortgage loans earning five to eight percent return, and the inflation rate was in excess of thirteen percent. Which of the following statements best explains why the institutions were in trouble?
- (A) They were earning a negative real rate of interest on some of their loans.
 - (B) They had not correctly anticipated the high rates of inflation, and so their nominal rate did not include an adequate inflation premium.
 - (C) They were receiving less purchasing power than they had originally loaned out.
 - (D) All of the above statements.
44. Most economists believe the prime objective of fiscal policy should be:
- (A) the removal of persistent inflationary and deflationary gaps.
 - (B) "fine-tuning" the economy.
 - (C) to balance the budget.
 - (D) supplying goods to the private sector.
45. Consider an increase in government expenditures of \$X, a tax cut of \$X, and a balanced budget increase in expenditures of \$X as alternative policies. Which would yield the largest increase in national income?
- (A) expenditure increase.

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- (B) balanced budget increase.
(C) these are equivalent policies.
(D) tax cut.
46. Which of the following statements is false?
- (A) According to the nineteenth century economists, the allocation of resources is determined by relative prices.
(B) Nineteenth century economists believe that the economy is composed of two independent, distinct sectors: the real sector and the monetary sector.
(C) The classical doctrine of the neutrality of money states that the quantity of money has no effect on the real sector of the economy.
(D) None of the above statements.
47. Gresham's Law comes into effect when an economy has two types of money, e.g. gold and silver coins, which are both legal tender but which have different nonmonetary values and:
- (A) people refuse to use the coins of lesser value.
(B) the higher valued of coin is taken out of circulation.
(C) the lower valued of coin is taken out of circulation.
(D) the value of the coins is in the same ratio as is their nonmonetary value.
48. A wealthy sheik deposits \$5 million in the Alamo Bank in Texas. The required reserve ratio is 25%. Assume all U.S. banks are operating with no excess reserves and there is no drain in cash. The maximum creation of new deposits by the banking system resulting from, but not including, the sheik's original deposit in Alamo Bank is:
- (A) \$15 million.
(B) \$20 million.
(C) \$25 million.
(D) \$80 million.
49. Which of the following statements is true?
- (A) A primary function of a central bank is to seek profits.
(B) The Federal Reserve System does make loans to nonbanking firms.
(C) Federal Reserve notes are assets of Federal Reserve banks.
(D) Federal Reserve Banks are owned by member banks.
50. The economy is considered to be at full employment when:
- (A) there are no unemployed workers.
(B) all unemployment is fractional or structural.
(C) there are more unemployed workers than vacancies.
(D) all unemployment is voluntary.