

※ 本大題請於試卷內之「選擇題作答區」依序作答。

壹、單選題：每題 2 分

1. The real rental price of capital is the price per unit of capital measured in:
 - (A) dollars.
 - (B) units of output.
 - (C) units of labor.
 - (D) units of capital.

2. If the consumption function is given by $C = 150 + 0.85Y$ and Y increases by 1 unit, then savings:
 - (A) decreases by 0.85 unit.
 - (B) decreases by 0.15 unit.
 - (C) increases by 0.15 unit.
 - (D) increases by 0.85 unit.

3. To increase the money supply, the Federal Reserve:
 - (A) buys government bonds.
 - (B) sells government bonds.
 - (C) buys corporate stocks.
 - (D) sells corporate stocks.

4. If income velocity is assumed to be constant, but no other assumptions are made, the level of _____ is determined by the total quantity of money.
 - (A) prices
 - (B) income
 - (C) transactions
 - (D) nominal GDP

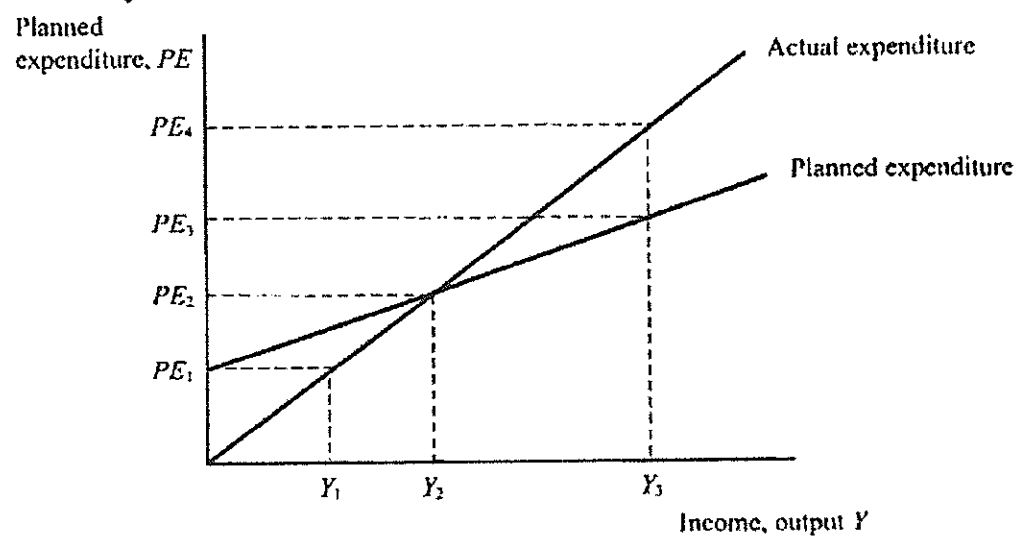
5. If a U.S. corporation sells a product in Europe and uses the proceeds to purchase shares in a European corporation, then U.S. net exports _____ and net capital outflows _____.
 - (A) increase; increase
 - (B) increase; decrease
 - (C) decrease; increase
 - (D) decrease; decrease

6. In the small open economy in equilibrium:
 - (A) saving is fixed and investment is determined by the investment function and the world interest rate.
 - (B) investment is fitted and saving is determined by the saving function and the world interest rate.
 - (C) saving is fixed and investment is determined by the trade balance.

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- (D) investment is fitted and saving is determined by the trade balance.
7. Frictional unemployment is inevitable because:
- (A) different sectors do not shift.
 - (B) the economy needs to be lubricated.
 - (C) workers never quit their jobs to change careers.
 - (D) the demand for different goods always fluctuates.
8. The unemployment resulting from wage rigidity and job rationing is called ____ unemployment.
- (A) frictional.
 - (B) structural.
 - (C) minimum-wage.
 - (D) insider.
9. One explanation for greater economic development in moderate versus tropical climates is that institutions established by colonial settlers in moderate climates ____, while institutions established by colonists in tropical climates ____.
- (A) were based on English common law; were based on the Napoleonic Code
 - (B) were based on the Napoleonic Code; were based on English common law
 - (C) protected property rights; were extractive and authoritarian
 - (D) were extractive and authoritarian; protected property rights
10. For a fixed money supply, the aggregate demand curve slopes downward because at a lower price level real money balances are ____, generating a ____ quantity of output demanded
- (A) higher; greater
 - (B) higher; smaller
 - (C) lower; greater
 - (D) lower; smaller
11. If all prices are stuck at a predetermined level, then when a short-run aggregate supply curve is drawn with real GDP (Y) along the horizontal axis and the price level (P) along the vertical axis, this curve:
- (A) is horizontal.
 - (B) is vertical.
 - (C) slopes upward and to the right.
 - (D) slopes downward and to the right.

Exhibit: Keynesian Cross



12. (Exhibit: Keynesian Cross) In the above graph, if firms are producing at level Y_1 , then inventories will inducing firms to _____ production.
- (A) rise, increase
 - (B) rise; decrease
 - (C) fall; increase
 - (D) fall; decrease
13. Along any given IS curve:
- (A) tax rates are fixed, but government spending varies.
 - (B) government spending is fixed, but tax rates vary.
 - (C) both government spending and tax rates vary.
 - (D) both government spending and tax rates are fixed.
14. Along any aggregate supply curve, there is only one:
- (A) unemployment level.
 - (B) expected price level.
 - (C) inflation level.
 - (D) output level.
15. Inflation inertia refers to the idea that inflation:
- (A) is always present in economies.
 - (B) keeps on going unless something acts to stop it.
 - (C) cannot be reduced unless unemployment is increased.
 - (D) can be generated by either demand-pull or cost-push forces

16. According to the Phillips curve, firms _____ prices when output is below the natural level of output, or equivalently, when the unemployment rate is _____ the natural rate of unemployment.
- (A) raise; above
 - (B) raise; below
 - (C) lower; above
 - (D) lower; below
17. The lag between the time that economic stimulus is needed and the time that a tax cut is passed by Congress is an example of a:
- (A) fiscal inside lag.
 - (B) fiscal outside lag.
 - (C) monetary inside lag.
 - (D) monetary outside lag.
18. A policy rule:
- (A) must specify money growth at a constant rate.
 - (B) must specify an active policy.
 - (C) must specify a passive policy.
 - (D) may specify either an active or a passive policy.
19. If capital budgeting procedures were employed, then a budget deficit would be measured as:
- (A) the sum of government debt.
 - (B) the change in government debt.
 - (C) the change in government debt minus the change in government capital assets.
 - (D) the change in government capital assets.
20. Ricardian equivalence refers to the same impact of financing government:
- (A) whether by printing money or raising taxes.
 - (B) in the long run as in the short run.
 - (C) whether by debt or taxes.
 - (D) in an open economy as in a closed economy.
21. The marginal rate of substitution between first-period consumption and second-period consumption:
- (A) is the inverse of the slope of an indifference curve, in which first-period consumption is graphed along the horizontal axis.
 - (B) is generally high when first-period consumption is high.
 - (C) indicates by how much first-period consumption changes for a one-unit change in first-period income.

- (D) reveals the rate at which the consumer is willing to substitute second-period consumption for first-period consumption.
22. The profit rate of a firm that rents capital is equal to:
- (A) the marginal product of capital minus the cost of capital.
 - (B) the cost of capital minus the marginal product of capital.
 - (C) zero.
 - (D) a negative number, if it is adding to its capital stock.
23. According to the efficient-market hypothesis, stock price changes reflect____, but according to Keynes, stock price changes often reflect____.
- (A) the inventory accelerator; changes in Tobin's q
 - (B) changes in the real cost of capital; financing constraints
 - (C) changes in the underlying economic fundamentals; irrational waves of optimism or pessimism
 - (D) reductions in investment tax credits; the use of historical cost rather than replacement cost in computing depreciation costs
24. If currency held by the public equals \$100 billion, reserves held by banks equal \$50 billion, and bank deposits equal \$500 billion, then the monetary base equals:
- (A) \$50 billion.
 - (B) \$100 billion.
 - (C) \$150 billion.
 - (D) \$600 billion.
25. Open-market operations change the____; changes in reserve requirements change the____; and changes in the discount rate change the____.
- (A) monetary base; monetary base; monetary base
 - (B) money multiplier; money multiplier; money multiplier
 - (C) monetary base; money multiplier; monetary base
 - (D) money multiplier; monetary base; money multiplier

※ 本大題請於試卷內之「非選擇題作答區」標明題號依序作答。

貳、問答題：每題 10 分，可用中文作答。

1. The wheat market is perfectly competitive, and the market supply and demand curves are given by the following equations:

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$$QD = 20,000,000 - 4,000,000P$$

$$QS = 7,000,000 + 2,500,000P,$$

where QD and QS are quantity demanded and quantity supplied measured in bushels, and P = price per bushel.

- a. Determine consumer surplus at the equilibrium price and quantity. (5分)
 - b. Assume that the government has imposed a price floor at \$2.25 per bushel and agrees to buy any resulting excess supply. How many bushels of wheat will the government be forced to buy? (5分)
2. Leann's Telecommunication firm production function is given by $y(K, L) = 200$, where K is the number of internet servers and L is the number of labor hours she uses. Does this production function exhibit increasing, constant or decreasing returns to scale? (5分) Holding the number of internet servers constant at 8, is the marginal product of labor increasing, constant or decreasing as more labor is used? (5分)
3. A pure monopsony buyer of a resource pays a price P of \$200.00 per unit purchased. The elasticity of supply ES of the resource is 4.0. What is the marginal value of the resource, MV to the firm? (5分) Under what conditions would this firm have more monopsony power? (5分)
4. The marginal social costs and abatement costs of a certain type of air pollution for a factory are given as:
- $$MSC = -1121 + 22.5Q \quad MCA = 879 - 17.5Q,$$
- where Q = units of pollution per day, and MSC and MCA are measured in dollars. The factory is located in a small town that is currently setting community standards. You have been hired to perform the analysis requested below.
- a. If the community wishes to set a pollution standard for the factory, what daily level of pollution should be allowed? (5分)
 - b. As an alternative, some members of the town council favor an emissions tax for the factory. If a tax is implemented, at what level should the tax be set? (5分)
5. The market for used cars in a particular region includes both high-quality and low-quality cars. High-quality cars are sold primarily to quality-sensitive customers, while low-quality cars are sold to price-sensitive buyers. The submarkets for high-quality and low-quality cars can be described by the supply and demand curves:

$$QDH = 160,000 - 12.5PH$$

$$QSH = -48,000 + 13.5PH$$

$$QDL = 110,000 - 12.5PL$$

$$QSL = 20,000 + 10PL,$$

where QDH, QSH refer to the quantities demanded and supplied of high-quality cars, QDL, QSL refer to the quantities demanded and supplied of low-quality cars, PH and PL refer to the prices of high-quality and low-quality cars. All quantities are measured in cars per month, prices are measured in dollars.

- a. Assuming that buyers and sellers are both able to distinguish low-quality and high-quality cars, determine the price and quantity that will prevail in each submarket. (5分)
- b. Examine the case where sellers are able to accurately determine used-car quality but buyers are not. You may assume that buyers assume that all cars are of average quality so that an average demand curve is appropriate. Determine the price and quantity in each submarket. (5分)

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