

Multiple Choice Questions (100 points)

In each of the following multiple choice questions **one and only one** answer is correct. (2.5 points for each correct answer, 0 point for no answer and wrong answer.)

1. Preferences are said to be monotonic if:
 - a. all goods are perfect substitutes.
 - b. all goods must be consumed in fixed proportions.
 - c. more is always preferred to less.
 - d. there is diminishing marginal rate of substitution.

2. Charlie's indifference curves have the equation $x_B = k/x_A$, where larger values of the constant k represent better indifference curves. Charlie strictly prefers the bundle (5, 13) to:
 - a. the bundle (13, 5).
 - b. the bundle (6, 12).
 - c. the bundle (9, 12).
 - d. none of these bundles.

3. Janet consumes x_1 and x_2 together in fixed proportions. She always consumes 2 units of x_1 for every unit x_2 . One utility function that describes her preference is:
 - a. $U(x_1, x_2) = 2x_1x_2$
 - b. $U(x_1, x_2) = 2x_1 + x_2$.
 - c. $U(x_1, x_2) = \min\{2x_1, x_2\}$.
 - d. $U(x_1, x_2) = \min\{x_1, 2x_2\}$.

4. Howard has the utility function $U(x, y) = x - (1/y)$. His incomes is \$30.
 - a. Howard does not like good y .
 - b. Howard has a bliss point.
 - c. If the price of x is \$4 and the price of y is \$1, Howard will buy 2 units of y .
 - d. Howard will buy good y only if it is cheaper than good x .

5. Clara's utility function is $U(x, y) = (x+2)(y+1)$. If her marginal rate of substitution is -3 and she is consuming 10 units of good x , how many units of good y must she be consuming?
 - a. 35
 - b. 40
 - c. 13
 - d. 7

6. Rob consumes two goods, x and y . He has an allowance of \$50 per week and is not endowed with either of the goods. If the price of good x increases and his substitution and income effects change demand in opposite directions:
 - a. good x must be a Giffen good.
 - b. good x must be an inferior good.
 - c. good x must be a normal good.
 - d. there is not enough information to judge whether good x is a normal or inferior good.

(背面仍有題目,請繼續作答)

7. Molly has income \$400 in period 1 and income \$480 in period 2. Her utility function is $C_1^a C_2^{1-a}$, where $a = 0.6$ and the interest rate is 0.2. If her income in period 1 doubled and her income in period 2 stayed the same, her consumption in period 1 would:
- double.
 - increase by 120.
 - increase by 240.
 - increase by 400.
8. Reginald is fond of cigars. His utility function is $U(x,c) = x + 10c - 0.5c^2$, where c is the number of cigars he smokes per week and x is the money that he spends on consumption of other goods. Reginald has \$200 a week to spend. Cigars used to cost him \$1 each, but their price went up to \$2 each. This price increase was as bad for him as a loss of how much income?
- \$5
 - \$9.5
 - \$7
 - \$8.5
9. If at current prices, the demand for a good is price-elastic, then for movements along the demand curve:
- increasing the price will increase revenue.
 - decreasing the price will decrease revenue.
 - increasing the quantity sold will increase revenue.
 - increasing the quantity sold will decrease revenue.
10. The demand function for x is $D(p) = 65 - 2p$ and the supply function is $S(p) = 20 + p$. The price that should be set to restrict quantity supplied to 30 units is closest to:
- 10.
 - 15.
 - 50.
 - 55.
11. A firm has the production function $f(x_1, x_2) = 10 \min\{3x_1, 2x_1 + x_2\}$. At the point, $(x_1, x_2) = (20, 40)$, the firm's production isoquant:
- has slope -2.
 - is vertical.
 - has a kink.
 - has slope $-5/2$.
12. A profit-maximizing competitive firm uses just one input, x . Its production function is $q = 8x^{0.5}$. The price of output is 14 and the factor price is 7. The amount of the factor of the firm demands is:
- 10.
 - 22.63.
 - 48.
 - 64.

13. A competitive firm's production function is $f(x_1, x_2) = 8x_1^{1/2} + 10x_2^{1/2}$. The price of factor 1 is 1 and the price of factor 2 is 1. The price of output is 2. What is the profit-maximizing quantity of output?
- 164
 - 128
 - 160
 - 152
14. A competitive firm has the short run cost $c(y) = 5y^3 - 40y^2 + 96y + 50$. The firm will produce a positive amount in the short run if and only if the price is greater than:
- 8.
 - 32.
 - 16.
 - 19.
15. A competitive firm uses two inputs and has a production function $f(x_1, x_2) = 13x_1^{1/4}x_2^{1/4}$. The firm can buy as much of either factor as it likes at factor prices $w_1 = w_2 = 1$. The cost of producing y units of output for this firm is:
- $2(y/13)^2$.
 - $13(x_1 + x_2)y$.
 - $(x_1 + x_2)/13$.
 - $y/26$.
16. A monopolist faces the inverse demand curve $p = 60 - 6q$. At what level of output is his total revenue maximized?
- 7.50
 - 15
 - 10
 - 5
17. The demand for a monopolist's output is $7000/(p+3)^2$ where p is the price she charges. At a price of 10, the elasticity of demand for the monopolist's output is:
- 1.
 - 2.54.
 - 1.54.
 - 1.04.
18. A monopolist faces a constant marginal cost of \$1 per unit. If at the price he is charging, the price elasticity of demand for the monopolist's output is -0.5, then:
- the price he is charging must be 2.
 - the price he is charging must exceed 2.
 - the price he is charging must exceed 2.
 - the monopolist can not be maximizing profits.
19. An industry has two firms. The inverse demand function for this industry is $p = 190 - 6q$. Both firms produce at a constant unit cost of \$28 per unit. What is the Cournot equilibrium price for this industry?
- 28.
 - 82.
 - 31.
 - 41.

(背面仍有題目,請繼續作答)

20. According to the First Theorem of welfare Economics:
- Every competitive equilibrium is fair.
 - A competitive equilibrium always exists.
 - At a Pareto optimum, all consumers must be equally wealthy.
 - None of the above.
21. Which has the largest proportionate fluctuations?
- Consumption
 - Investment
 - Government
 - The fluctuations in investment and government are about equal and are the largest.
22. If leisure is a normal good, which of the following cause an increase in work effort?
- A parallel downward shift in the production function.
 - The substitution effect from an increase in the MPL.
 - Both a and b.
 - None of the above.
23. Which of the following lowers the demand for money?
- An increase in the price level.
 - An increase in consumption.
 - An increase in the interest rate.
 - All of the above.
24. A proportional, temporary downward shift in the production function lowers employment
- if the wealth effect from the decrease in the production function is the larger than the labor/leisure substitution effect.
 - if the labor/leisure substitution effect is larger than the wealth effect from the decrease in the production function.
 - if the wealth effect from the decrease in the production function is larger than the intertemporal substitution effect.
 - None of the above.
25. A higher interest rate reduces the market clearing real wage because it has a _____ intertemporal substitution effect on _____.
- negative; leisure
 - negative; labor supply
 - positive; consumption
 - negative; labor demand
26. Suppose the public becomes aware that the government will raise the growth rate of the money supply in the future period. Then, in the current period
- people increase their saving.
 - the price level increases.
 - the real interest rate declines.
 - nothing changes.

27. A permanent increase in current and future government spending raises employment because there is
- a positive wealth effect on leisure.
 - a negative wealth effect on leisure.
 - an intertemporal substitution effect because the interest rate rises.
 - an intertemporal substitution effect because the interest rate falls.
28. If the economy starts with less capital than it will have in the steady state, the real interest rate will _____ as time passes.
- rise
 - not change
 - fall
 - change, but follow no regular pattern
29. In the long run, an increase in the marginal tax rate
- raises the nation's capital stock.
 - does not change the capital stock.
 - lowers the capital stock.
 - probably changes the capital stock but the direction of the change (increase or decrease) is ambiguous.
30. An increase in social security benefits reduces the capital stock if
- aggregate saving increases.
 - the interest rate rises.
 - investment increases.
 - None of the above.
31. The inflation rate will be higher than expected if there is an unexpected increase in the
- real interest rate.
 - aggregate supply.
 - aggregate demand.
 - monetary growth rate.
32. If changes in the growth rate of the money supply are super-neutral, the association between the growth rate of the money supply and the unemployment rate would be
- zero.
 - positive.
 - negative.
 - indeterminate.
33. Which of the following will shift the LM curve up and to the left?
- a rise in the interest rate.
 - a decrease in the real money supply.
 - a decrease in the government spending.
 - None of the above.

(背面仍有題目,請繼續作答)

34. A decrease in the interest rate shifts the labor _____ curve to the _____.
- demand; right
 - demand; left
 - supply; right
 - supply; left
35. When we take account of the presence of income taxes, which variable creates an intertemporal substitution effect?
- The before-tax nominal interest rate.
 - The after-tax nominal interest rate.
 - The before-tax real interest rate.
 - The after-tax real interest rate.
36. In general, economic agents hold a portfolio of financial assets rather than a single financial assets because
- commission costs are lower for a portfolio.
 - a portfolio gives a higher expected return than any of the assets within it.
 - they are risk averse.
 - None of the above.
37. Purchasing-power parity can be violated
- never.
 - when there are changes in the money supply in different countries.
 - when there are changes in real factors, such as a shift in terms of trade.
 - None of the above.
38. Suppose both the nominal wage and price level double. As a result, workers will supply _____ labor.
- the same amount of
 - more
 - less
 - either more or the same amount of labor, but not less
39. Suppose domestic goods make up 70% of the consumption basket, and rise in price by 10%, while imported goods are rising in price by 20%. The consumer price index will rise in price by _____.
- 13%.
 - 15%.
 - 17%.
 - 19%.
40. Interest-rate parity suggests that the _____ the rate of increase in a country's exchange rate, the _____ will be its nominal interest rate.
- higher; higher
 - higher; lower
 - lower; higher
 - lower; lower